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# ***Daily Report***

# **China**

FBIS-CHI-92-143  
Friday  
24 July 1992

# Daily Report

## China

FBIS-CHI-92-143

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## General

### Envoy at UN Pledges To Step Up Drug Control

OW2307225292 Beijing XINHUA in English  
2148 GMT 23 Jul 92

[Text] United Nations, July 23 (XINHUA)—China will further strengthen its work on drug rehabilitation and the fight against drug abuse, a Chinese delegate said here today.

According to Li Yaodong, the Chinese delegate who spoke at today's meeting of the U.N. economic and social council, the global scourge of drugs has generated growing concern and alarm in the world. Despite the efforts made in recent years, world-wide drug abuse and illicit trafficking are still rampant and have threatened social stability and economic development of some countries.

The Chinese Government attaches great importance to the drug control and has adopted a series of firm measures, including the establishment of the national drug control committee to provide unified leadership in the nation-wide fight against drugs, the set up or reinforcement of drug control agencies and offices in government organizations at all levels, and the raising of the public awareness against drugs.

As a result, in 1991 alone, the Chinese drug enforcement agencies arrested 829 alien drug traffickers and seized 1,980 kilograms of opium, 1,919 kilograms of heroin, 328 kilograms of cannabis and 33 kilograms of morphine. In addition, the Chinese customs also confiscated 256 kilograms of various kinds of drugs.

These figures show that the transit trafficking is the major drug problem in China.

Li called on the international community to strengthen the world cooperation in drug control, pointing out that the war against drugs can no longer be fought effectively by any single country and must be a shared responsibility of the international community.

## United States & Canada

### Former U.S. Assistant Secretary of State Visits

OW2407081492 Beijing XINHUA in English  
0803 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—Chinese Vice-Premier Zhu Rongji and State Councillor and Foreign Minister Qian Qichen expressed their hope that Sino-U.S. relations would be further developed.

They made this expression while meeting, on separate occasions, with Richard Holbrooke, former U.S. assistant secretary of state.

During their meeting Thursday, Zhu and Holbrooke had a friendly conversation on Sino-U.S. relations and, in particular, bilateral economic cooperation and trade.

Zhu expressed his appreciation for the efforts Holbrooke had made when he was assistant secretary of state in Jimmy Carter's administration and in the years thereafter for increasing understanding and friendship between the two countries and for promoting the improvement and growth of their ties.

Zhu also briefed Holbrooke on China's domestic situation, saying that China enjoys political and social stability and is now intensifying its reform and opening to the outside world so as to speed up its economic development.

In another meeting this morning, Qian and Holbrooke had an in-depth exchange of views on the Sino-U.S. relations and international issues of common concern.

Hao Jianxiu, Chinese vice-minister of State Planning Commission, also met with Holbrooke Thursday.

Holbrooke and his party are here on a visit to China as guests of the Chinese People's Institute of Foreign Affairs.

### Bush Discusses Iraq With Senior Advisers

OW2307233592 Beijing XINHUA in English  
2300 GMT 23 Jul 92

[Text] Washington, July 23 (XINHUA)—U.S. President George Bush today met with his senior advisers on possible military actions against Iraq for its refusal to U.N. inspection of weapons sites.

Attending the luncheon meeting were Defense Secretary Dick Cheney, Joint Chiefs of Staff Chairman Colin Powell, National Security Adviser Brent Scowcroft, Deputy Secretary of State Lawrence Eagleburger and Director of Central Intelligence Agency Robert Gates.

Later, Bush discussed the Iraqi situation on phone with Secretary of State James Baker, White House Spokesman Marlin Fitzwater said.

The meeting came after the Iraqis refused to allow a U.N. inspection team to go inside Baghdad's Agriculture Ministry building which the U.N. inspectors suspected of containing materials related to weapons programs.

Asked about the prospect of an air strike against Iraq, Fitzwater said, "I won't comment on military decisions but options remain open."

According to American press reports, Pentagon officials were cautious about military strike against Iraq for fear of ramifications in the region, but such an action was supported by Democratic presidential candidate Bill Clinton.

At present, 17 U.S. warships including aircraft carrier USS Independence are patrolling in the Persian Gulf and

six others in the Red Sea, while another aircraft USS Saratoga is in the Mediterranean.

### Northeast Asia

#### **Japan Welcomes Agreement on Spratlys Dispute**

*OW2207141992 Beijing XINHUA in English  
1349 GMT 22 Jul 92*

[Text] Tokyo, July 22 (XINHUA)—Japan welcomed today an agreement between China and Southeast Asian nations to shelve a territorial dispute over a group of islets and atolls in the South China Sea.

"It is good that the countries involved have agreed to try to resolve this problem rationally and peacefully," Japanese Deputy Chief Cabinet Secretary Nobuo Ishihara told a press conference.

"Armed conflict in this region absolutely must be avoided," he added.

China and the Association of Southeast Asian Nations (ASEAN) agreed in principle Tuesday to shelve the dispute over the mineral-rich Nansha [Spratly] Isles in the South China Sea and focus on joint development by its claimants.

The accord was reached during a meeting in Manila between Chinese Foreign Minister Qian Qichen and his counterparts from ASEAN's six member countries.

#### **Japan Favors U.S. Military Presence in Region**

*OW2407111992 Beijing XINHUA in English  
0848 GMT 24 Jul 92*

[Text] Manila, July 24 (XINHUA)—Japanese Vice Foreign Minister Koji Kakizawa said today his country "strongly wishes that the United States continues to maintain its forward deployment" in the Asia-Pacific region in the future.

He made these remarks at the opening session of the three-day ASEAN post ministerial conference held here on July 24-26.

He said, "The presence and involvement of the United States remains extremely important for the peace and stability of the Asia-Pacific region amid the changing international environment."

The presence of American forces serves as a stabilizing factor of the region not only in military but also political terms, he added.

Therefore, he said, "It is Japan's policy to maintain steadfastly the Japan-U.S. security arrangements, and to make further efforts to ensure their smooth operation and enhance their credibility through various means such as host-nation support."

Japan's host nation support stands at four billion U.S. dollars in fiscal 1992, and is projected to account for 70 percent of the non-salary cost of the U.S. forces in Japan by fiscal 1995.

### Southeast Asia & Pacific

#### **Qian Qichen Returns to Beijing From Manila**

*OW2307121992 Beijing XINHUA in English  
1157 GMT 23 Jul 92*

[Text] Beijing, July 23 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen returned here by air this afternoon after visiting Negara Brunei Darussalam and the Philippines and attending the ASEAN ministerial meeting.

He was met at the airport by Chinese Vice-Minister of Foreign Affairs Xu Dunxin and Ariel Y. Abadilla, chargé d'affaires ad interim of the Philippine Embassy in Beijing.

#### **Burma Cooperates To Renovate Stilwell Highway**

*OW2307120692 Beijing XINHUA in English  
0956 GMT 23 Jul 92*

[Text] Kunming, July 23 (XINHUA)—A construction brigade from Tengchong County, Yunnan Province, is renovating a 33-kilometer section of highway in northern Myanmar [Burma].

The section will be completed by the end of next June, according to an agreement between Tengchong County and the Myitkyina Government of Myanmar.

This is a section of the 1,568.3-kilometer Sino-Indian highway from Kunming in Yunnan Province to Ledo, India.

The Sino-Indian highway was built for resistance against Japanese invasion between 1942 and 1945 through cooperation between Chinese and Americans. It was named the Stilwell Highway to commemorate General Joseph Stilwell, the commander in chief of the China-Burma-India theater during the Second World War.

The highway was deserted after the war.

The Yunnan Provincial Government decided to develop cross-border trade in 1985. Tengchong County renovated a section from the county town to the border.

In May 1991, Tengchong County and the Myitkyina Government reached an agreement to invest 1.14 million yuan to renovate a 54-kilometer section from the Sino-Myanmar border to a town in Myanmar. The project was completed and put into operation on April 25, 1992.

Afterward, the two sides signed an agreement to renovate another section of 33.6 kilometers in Myanmar.

Yunnan's cross-border trade reached 1,640 million yuan in 1991, compared to 40 million yuan in 1984.

The renovation project will further promote cross-border trade, according to local officials.

### Near East & South Asia

#### Indian Defense Minister Departing for Beijing

OW2307141792 Beijing XINHUA in English  
1406 GMT 23 Jul 92

[Text] New Delhi, July 23 (XINHUA)—Indian Defense Minister Sharad Pawar is leaving for China early Friday on a five-day official visit at the invitation of his Chinese counterpart Qin Jiwei.

He will be the first ever Indian defense minister to officially visit China.

A statement issued today by the Defense Ministry says that "the present visit represents an important confidence building measure in that it provides for a high-level dialog between the defense establishments of the two countries."

"The visit marks a further step in the process of high level dialog and improvement in India-China relations," the statement said.

Pawar will lead a high-level Indian delegation which includes the Defense Secretary N.N. Vohra, border experts from the Army as well as officers from the Air Force and the Navy.

During his visit, Pawar will hold talks with Qin, meet Chinese leaders and visit Chinese military and other facilities. He is scheduled to visit Beijing and Shanghai.

#### NPC's Lei Jieqiong Meets GCC Guests

OW2207123892 Beijing XINHUA in English  
1131 GMT 22 Jul 92

[Text] Beijing, July 22 (XINHUA)—Lei Jieqiong, vice-chairman of China's National People's Congress (NPC) Standing Committee and acting president of the Association for International Understanding of China, met with Saif al-Maskery, deputy secretary-general of the Gulf Cooperation Council (GCC) [title as received], and his party here this afternoon.

They had a cordial and friendly conversation on further developing the friendly relations between China and the Gulf countries.

Al-Maskery and his party arrived here earlier today as guests of the Association for International Understanding of China.

#### Baker Reaffirms U.S. Commitment to Peace Process

OW2307134292 Beijing XINHUA in English  
1222 GMT 23 Jul 92

[By Gu Zhenglong]

[Text] Damascus, July 23 (XINHUA)—U.S. Secretary of State James Baker has reaffirmed that U.S. position on the Mideast peace process, based on U.N. Resolution 242 and 338 or the land-for-peace principle, remains unchanged.

Baker made the statement when he met with President Hafiz al-Asad Wednesday night at the Syrian Mediterranean city of Latakia, after his arrival from Cairo, sources close to the presidential palace disclosed today.

The host and guest exchanged views on the necessity of resuming the Arab-Israeli peace talks. Baker informed al-Asad of Israeli Prime Minister Yitzhaq Rabin's eagerness to achieve progress in the upcoming peace talks.

Baker said that it is now opportune to make positive moves along the path of peace and urged parties concerned not to lose this chance, said the sources, who asked not to be named.

He called on Syria to seek understanding with Israel and create a proper climate for resuming the peace negotiations started in Madrid late last October but stalled when Israel was under Prime Minister Yitzhaq Shamir of the hardline Likud bloc.

Baker also tried to convince al-Asad that devoting efforts to solving differences between Israel and each of the Arab parties does not mean leaving out the issue of Syria's occupied Golan Heights.

He assured the Syrian president that the turn would come to discuss the fate of the Heights after a settlement is reached with the Palestinians and an atmosphere of confidence among the negotiating parties created.

Israel captured the Golan Heights from Syria in the 1967 Middle East War, along with the West Bank and East Jerusalem from Jordan and the Gaza Strip from Egypt.

Syria has called for an Arab meeting to unify positions on the peace process, fearing that the Golan issue would be excluded since Israel's new government has promised to give priority to Palestinian autonomy in the occupied territories.

According to the same source, Baker also asked al-Asad to end the economic boycott against Israel, claiming that the U.S. would not grant loan guarantees to Israel pending assurance that the loans would not be used for settlement building in the occupied territories.

Baker also reiterated the U.S. position on the settlement issue, adding that the U.S. Government still considers all settlements, whether security or political, as an obstacle to peace.

On his part, President al-Asad reaffirmed Syria's determination to pursue peace on the basis of the relevant U.N. resolutions calling on Israel to give up the war-captured Arab lands in exchange for peace with the Arabs.

The president also expressed concern that Israeli Prime Minister Rabin did not mention commitment to U.N. resolutions on the Arab-Israeli conflicts, and to withdrawal of Israeli forces from the occupied lands, which the Arabs have persistently demanded.

Al-Asad rejected Rabin's differentiation of "security" and "political" settlements and asked Baker to press Rabin for Israeli commitment to U.N. Resolution 242 and 338 and a total withdrawal from the occupied Arab lands.

Al-Asad stressed that Syria rejects any partial or separate settlement of the Arab-Israeli conflict, and any settlement must cover all aspects of the issue.

He said however that Syria is ready to sign a peace agreement with Israel and normalize bilateral relations if the Jewish state declares its commitment to relevant U.N. resolutions and a withdrawal from the Golan Heights it seized from Syria during the 1967 Middle East War.

Al-Asad also said that Syria would reject any attempt to introduce even the slightest territorial changes to the Golan Heights.

According to reports from Lebanon, Baker was expected to meet with Lebanese President Ilyas al-Hirawi later today either in Lebanon's Bekaa Valley or at the Lebanese-Syrian border.

Baker's current Middle East tour, which already has brought him to Israel, Jordan, Egypt and Syria, originally did not include Lebanon. Lebanon, on its part, has rejected proposals that its officials go to another country to meet with Baker.

### Sub-Saharan Africa

#### Communist Party Delegation Visits South Africa

OW2307233792 Beijing XINHUA in English  
2303 GMT 23 Jul 92

[Text] Johannesburg, July 23 (XINHUA)—A delegation of the Communist Party of China (CPC) arrived here this morning for a 10-day visit to South Africa at the invitation of the South African Communist Party (SACP).

The CPC delegation, headed by Madame Li Shuzheng, deputy head of the International Liaison Department of the CPC Central Committee, held talks here today with SACP General Secretary Chris Hani, Chairman Joe Slovo and other senior SACP officials on ways of strengthening bilateral relations.

Hani expressed warm welcome to the CPC delegation and Slovo briefed the guests on the current political situation in South Africa and the mass action campaign launched by the tripartite alliance of the African

National Congress (ANC), the SACP and the Congress of South African Trade Unions (COSATU).

Slovo stressed that the tripartite alliance are committed to peace and democracy.

The tripartite alliance would go back to negotiations, if their demands could be met by the government of the National Party, he said.

Li Shuzheng informed her hosts of the current situation in China and expressed the hope that her visit will promote the mutual understanding and enhancing the existing friendship between the two parties and the people of the two countries.

Madame Li said that contacts with people of various circles in her current visit are conducive to the fundamental interest of the people of the two nations.

Earlier, the Chinese Communist Party delegation met with COSATU Secretary-General Jay Naidoo at his headquarters here.

### West Europe

#### Britain's Trade Secretary To Lead Trade Mission

OW2207123692 Beijing XINHUA in English  
1059 GMT 22 Jul 92

[Text] London, July 22 (XINHUA)—Michael Heseltine, president of Britain's Board of Trade and secretary of Trade and Industry Department, is to lead a large trade mission to China this autumn, British newspaper THE TIMES reported today.

The mission, likely embracing many of Britain's most senior industrialists, is a further sign of determination of the Trade and Industry Department to encourage industry to cash in on the rising prosperity of the fast-growing economies of East Asia, the newspaper said.

Officials of the department hope that Heseltine will be able to offer China several hundred million pounds of credits to encourage the Chinese to buy goods from British companies.

Talks are under way between the trade department and treasury over availability of funds for trade credits, the paper said.

Richard Needham, the trade minister, [name, title as received] is expected in Hong Kong today for a four-day visit. He will go on next week for talks in Beijing, Tianjin and Shanghai to prepare the ground for the November mission.

British exports to China remain very low, given the potential size of China's market. In 1991, British sales to China totaled 322 million pounds (640 million dollars), a decrease of almost 40 percent. But this year, the sales are running 20 percent higher.

Political & Social

**Correction to Item on Bao Tong's Sentencing**  
HK2307030792

The following correction pertains to the item subheaded "Further XINHUA Report," published in the 22 July China DAILY REPORT, page 12:

Right-hand column of page, first paragraph of item, second sentence, make read: ...on charges of leaking important state secrets and instigating resistance to and sabotaging the implementation of state laws.... (rephrasing)

Second paragraph, from end of third sentence, make read: ...and made a last statement. The last two lawyers commissioned by Bao also defended him in court. When the court hearing concluded.... (picking up fourth sentence, supplying dropped sentence)

Penultimate paragraph, first sentence, make read: ...joining with others to instigate resistance to and sabotage the implementation of state law.... (rephrasing)

Last paragraph, only sentence, make read: ...a higher court within 10 days after receiving the court verdict.... (rephrasing)

**QIUSHI on CPC Membership Criteria**  
HK2307113492 Beijing QIUSHI in Chinese No 8.  
16 Apr 92 pp 39-42, 45

[Article by Yu Yunyao (5713 7189 5069): "Uphold Criteria for Communist Party Members Under New Historical Conditions"]

{Text}

I.

To uphold criteria for Communist Party members is a question of basic theory and practice in party building.

A political party is a political organization in class society. It represents the interests of a certain class, stratum or political group, and is composed of activists of that class or stratum. It has its political program and objective. With the building of the communist social system as its final objective of struggle, the Communist Party is the vanguard of the working class, and will inevitably recruit the most conscious, most advanced, most loyal, and most staunch elements into the contingent of the party in order to fulfill its historical mission. In founding the Communist League, Karl Marx and Friedrich Engels strictly laid down the criteria for members of the League when they personally drew up the constitutions of the League. Members must recognize communism, obey resolutions of the League, and keep the secrets of the League, and the ways of living and activities of the members must conform with the objective of the League. In the course of founding the Russian Bolshevik Party, Lenin attached extremely great importance to the quality of party members, and demanded

that "the title and role of party members be raised, raised, and raised." (*Collected Works of Lenin*, Second Edition, Vol 7, p 272) He clearly pointed out that "we don't want party members who are members in name only, even if they are given to us free." (*Collected Works of Lenin*, Second Edition, Vol 37, p 215) Lenin worked out for the Bolshevik Party strict criteria for party members and formalities for joining the party, and launched fierce struggles against opportunist elements who tried to lower the criteria for party members and negate the advanced nature of the party, thereby ensuring its advanced nature and militancy.

The Chinese Communist Party has upheld Marxist party building principles. In the early days after the CPC was founded, Comrade Mao Zedong maintained that we must recruit "true comrades" who are firm in making revolution and believe in Marxism as party members, and remove from the roll the names of those who do not firmly believe in Marxism. A decision made at the First National Congress of the CPC states that the recruitment and selection of party members should be especially careful and strict. Clear-cut stipulations were laid down as criteria for party members in the party constitutions adopted by all previous national congresses of the CPC. After the CPC came to power, it was stressed all the more that criteria for party members must be upheld. At the first national organizational work conference of the party held in 1951, Comrade Liu Shaoqi put forward the party building task of "struggling for higher criteria for Communist Party members." In 1956, the Eighth National Congress of the CPC put forward that "it is one of the important political tasks at present to struggle for higher criteria for party members."

During different historical periods, the CPC put forward specific demands on its members based on different situations and tasks, and the expressions in the constitution on criteria for its members were not quite the same. However, the basic contents of the criteria for party members always remained unchanged, which is determined by the nature of the party and the historical missions it undertakes. The criteria are mainly: Having firm faith in communism, upholding the purpose of serving the people wholeheartedly; carrying out indomitably the line, principles, and policies of the party; conscientiously observing party discipline; safeguarding the party unity and solidarity; and bringing into play the exemplary vanguard role of party members among the masses. The constitution adopted at the 12th CPC Congress laid down clear-cut stipulations on party member criteria based on the characteristics of the new historical period. It points out that members of the CPC are vanguard fighters of the Chinese working class with communist awareness. They must serve the people wholeheartedly, not hesitate to sacrifice anything they have for the revolution, and struggle throughout their lives for the realization of communism. A CPC member is forever an ordinary member of the laboring people. Except personal interest and functions and power in work as prescribed by regulations and policies, no party

member should seek personal gains or privileges. Duties and rights of party members are also laid down, which serve as standards for their specific behaviors.

In the environment of reform and opening to the outside world and of the development of the commodity economy, and under the circumstances of a changeable international situation and realistic threats posed to us by peaceful evolution, upholding criteria for Communist Party members is of even greater realistic significance.

—Upholding criteria for party members is necessary to preserve the party's nature as the vanguard of the working class. In the final analysis, the party's nature is a matter of building that kind of party, and this has a vital bearing on the life and death of the party. In the past 70 years and more, in the course of combining Marxist basic principles with the concrete practice of the Chinese revolution and construction, and in the international communist movement that has undergone many twists and turns, the CPC has launched unremitting struggle against various kinds of erroneous ideas and tendencies that attempt to obscure, negate, and change the party's nature, thereby ensuring the class and advanced nature of the party. Changes in class situation and relations during the new period, the shift of the party work focus, the swift development of science and technology, and changes in the composition of the working class have not changed the class nature and historical missions of the working class and its vanguard. Only when each party member conscientiously sets strict demands on himself or herself according to the criteria for party members, and give play to his or her role of a vanguard fighter can the party's nature as the working class vanguard have a reliable guarantee; otherwise, the advanced nature and purity of the party will be harmed.

—Upholding criteria for party members is necessary to fulfill the party's political tasks. Party members are those who put into practice the party's historical mission, and those who carry out the party's political line and tasks. The solemn mission of Chinese communists of our time is to uphold unwaveringly the party's basic line of "one center, two basic points"; unite and lead the people of various nationalities along the road to socialism with Chinese characteristics; and, through self-reliance and arduous and pioneering work, build China into a prosperous, strong, democratic, civilized, and modern socialist country. To realize such a glorious and arduous task, it is necessary for the CPC to have a body of vanguard fighters who always uphold the fundamental purpose of serving the people wholeheartedly, actively plunge themselves into the great practice of modernization, reform and opening to the outside world, and vigorously carry forward the spirit of selfless devotion. Therefore, upholding the criteria for party members, and bringing the role of party members into play have become the objective necessity for the fulfilment of the party's political tasks.

—Upholding criteria for party members is necessary for undergoing three major tests. Under new historical conditions the CPC not only has to continue to undergo the test of being the ruling party, but also faces the tests of reform, opening to the outside world, and the development of the commodity economy, and the test of opposing peaceful evolution. Undoubtedly, the mainstream of the CPC is good, and the great majority of party members are qualified and have withstood the tests. However, there is also a small number of party members, including some party cadres holding leading posts, who have met with defeat in the face of severe tests, or have been captured by bourgeois decadent ideas and ideology, or have been misled by bourgeois liberal ideological trends, or been engulfed in the ocean of the commodity economy. In a complex and rapidly changing social environment, it is a very important and pressing task to uphold the criteria for party members, enhance the quality of party members, and strengthen their ability to resist various erroneous and corrosive ideological trends.

## II.

In upholding the criteria for party members during the new historical period, it is necessary to pay special attention to guarding against the erroneous tendency of lowering criteria for party members and to uphold always the advanced nature of Communist Party members. At present, China is in the initial stage of socialism. Some people have asked, "Are there initial-stage criteria for Communist Party members?" The reply should be clear without the slightest ambiguity: At no time can the criteria for Communist Party members laid down in the party constitution be lowered, and the so-called "initial-stage criteria for party members" simply do not exist. The criteria for party members are formulated on the basis of the nature of the party and its final goal. During the initial stage of socialism, the party nature of being the working class vanguard has not changed, the party's fundamental purpose of serving the people wholeheartedly and its final goal of realization of the communist social system has not changed, and, therefore, it is impossible for the basic criteria for Communist Party members to change. It is necessary both to uphold the lofty ideal of communism and to carry out the party's line, principles, and policies for the initial stage of socialism. Are the two contradictory? Absolutely not. Comrade Mao Zedong once pointed out: "Present efforts aim at the major goal of the future, and a Communist Party member without a major goal is no longer a Communist Party member." (*Selected Works of Mao Zedong*, Second Edition, Vol 1, p 276) A conscious communist will inevitably unify his loyalty to the communist cause with firmness in carrying out the party's present-stage basic line in the practice of building socialism with Chinese characteristics. The more harmonious such unification and the closer the integration, the fuller the expression of the exemplary vanguard role of Communist Party members.

Some comrades have asked: "Are things permitted by present policies also permitted by the criteria for party members? The reply is also in the negative. Undoubtedly, Communist Party members should carry out in an exemplary way the existing policies of the party and the state, because carrying out existing policies and upholding party member criteria are unified. However, under many circumstances, requirements for party members and non-party members are different even for things which are permitted by existing policies. Such a difference means higher requirements for Communist Party members. In carrying out existing policies, Communist Party members must uphold the principle of party spirit. For example, it is an important policy at present that some people are allowed and encouraged to become rich earlier than others through honest labor and legal operations. "Some people" here, of course, include members of the CPC. In rural areas, doubts about the party's make-people-rich policy existing among some masses of the peasants can be dispelled by actions of party members who take the lead in becoming rich through hard work. But, as Communist Party members, they must not care only about becoming rich themselves. They must concern themselves with and help the masses around them embark on the road to common prosperity. When personal prosperity and common prosperity, personal interests and that of the masses come into conflict, they should consciously sacrifice their personal interests. They should lead the masses in developing the commodity economy and embarking on the road of common prosperity. The responsibility of a Communist Party member is not fulfilled only by "taking the lead" without "giving guidance." "Taking the lead" and, what is more, "giving guidance," embody the advanced nature of Communist Party members.

To uphold criteria for party members, it is also necessary for party members to handle well the relation between acting according to the principle of commodity exchange and acting according to the principle of party spirit. The principle of commodity exchange is a common practice in the course of commodity production and circulation, and the most basic thing of the principle is exchange of equal value. It is a "certain amount of labor of one form in exchange for a similar amount of labor of another." In the economic field, it is necessary to attach importance to and make use of the law of value, and to pay attention to exchange of equal value. In economic life, one must follow the principle of commodity exchange. The principle of party spirit is an expression of criteria for party members, and belongs to the category of political life. The basic requirements of party spirit are: To have lofty communist ideals, serve the people wholeheartedly, be the first to bear hardships and the last to enjoy comforts, work for public interest with selfless devotion, and have a strong sense of organization and discipline fostered on the basis of a high level of consciousness. Party members must consciously keep themselves within the bounds of, and remodel themselves to, party spirit, and their speech and actions must conform to party spirit. We must vigorously develop the socialist commodity economy,

yet never should we introduce the principle of commodity exchange into political life within the CPC. If the principle of commodity exchange is introduced into political life within the CPC, things that run counter to communist ethics, like haggling over trifles, work according to payment, and even egoism and money worship, will be generated. Besides, personality, conscience, social morality, and party principles will all be looked upon as commodities for exchange, leading to a big retrogression of consciousness, morality, and even the style of the whole party and common social practices. This, of course, should never be permitted. Even in economic activities, we should attach importance to the role of spiritual and moral strength while practicing exchange of equal value, following the principle of to each according to his labor, and paying attention to material benefits. Under many circumstances, material motive force cannot replace spiritual motive force. If there is not a correct and powerful spiritual force that plays an encouraging, cohesive, and inspiring role in the state, the society, the nation, and even an individual, vigor and vitality are bound to be lacking. An individual without spiritual support is a weak man, and a nation without spiritual support is hopeless.

In actual life, it is absolutely possible for Communist Party members to combine and unify adherence to the principle of commodity exchange and upholding the principle of party spirit with the common goal of developing social productive forces and promoting social progress. It conforms with the party's requirements for party members to strive to carry out the social and economic policies of the party and the state for the present stage, and to act according to the law of value and promote the development of productive forces in economic activities. The principles of to each according to work, more pay for more work done, and material benefits are also applicable to Communist Party members. When they make greater contributions to the state and society, they likewise should get more benefits, honor, and awards. What is the difference then between party members and non-party members? In the final analysis, the difference lies in that whenever any conflict of interest occurs, party members should act according to the principle of party spirit. The advanced nature of communist party members lies in their correctly handling the relationship between partial interests and interests of the whole, between immediate interests and long-term interests, between personal interests and interests of the party and the state, and that they possess the spirit of conscious devotion and self-sacrifice with which they influence and promote progress of the whole society. We should also see that the positive aspect of the principle of commodity exchange as an ideological formation is injecting new content into party spirit tempering for party members during the new period. The ideas of equality, justice, competition, efficiency, information, and capable personnel as demanded and revealed by the principle of commodity exchange have put forward new tasks and demands on party members.

in terms of how to bring into play their exemplary vanguard role under the new situation.

Summing up the above, to uphold criteria for party members during the new period is to uphold criteria for advanced elements of the working class. Any proposition that blurs, distorts, and negates the nature of the working class vanguard signifies an attempt to make the party degenerate.

### III.

The basic link to uphold the criteria for party members is to step up education, management, and supervision of party members, and to recruit new party members in accordance with the criteria laid down in the party constitution.

So far as each individual party member is concerned, upholding criteria for party members is a lifetime business. The CPC has always emphasized that it is not only necessary for party members to join the party organizationally, but also ideologically. Putting ideological building in the first place is an important principle of Marxist party building theory that the CPC has consistently upheld. With the emancipation of all mankind as their responsibility, Communist Party members must constantly remold their subjective world while remolding the objective world, and foster a correct world outlook, outlook on life, and outlook on values. The practice and activities of mankind in transforming the objective world are protracted and endless. A Communist Party member who is resolved to struggle for communism all his life should never stop in remolding the subjective world. The situation and tasks are constantly changing, and both new party members who joined the party not long ago and veteran party members who have belonged to the party for many years should all untiringly step up their party spirit tempering, and consciously standardize their words and deeds at all times and in all places according to the criteria for party members.

So far as party organizations are concerned, it is necessary to conscientiously step up regular education, management, and supervision of party members. To step up education is the fundamental way to improving the quality of party members. Party members live in a real society, and it is impossible for us to forbid them to come into contact with various erroneous things, nor are we able to evade the hot points, difficult problems, and doubts that party members encounter in reform and construction. The only way is to give correct and effective guidance through vivid and convincing education to help party members distinguish what is right and what is wrong, what should be upheld and what should be discarded, and what should be encouraged and what should be opposed, to help party members always remain politically sober minded in a complicated environment. Only by combining education of party members with their management and supervision can better results be achieved. The consolidation of ideological

unity depends on organizational material force. To step up management and supervision of party member, the major requirements are: 1) Improve the system of organizational life of the whole party and help party members overcome shortcomings, correct mistakes, distinguish right from wrong, and strengthen party spirit by carrying out serious criticism and self-criticism. 2) In accordance with the needs of development and changes in the situation, improve the set-up and forms of activities of basic-level party organizations, so that party members can receive education and be under the management and supervision of party organizations no matter where they are and what kind of work they do. 3) Party organizations should regularly set demands and assign tasks and jobs for party members, let them give play to their exemplary vanguard role through contacts with the masses, and constantly check up on, supervise, and evaluate party members. 4) Develop inner-party democracy; safeguard the democratic rights of party members; and help party members fully give play to their enthusiasm, initiative, and creativity in the course of actively participating in affairs within the party.

Within the CPC, it is objective reality that some party members are not qualified or not quite qualified, and that an extremely small number of them have degenerated as decadent elements. It is necessary to adopt the principle of clearing out resolutely the decadent elements within the party. They should be removed whenever they are found, and we should never tolerate or abet them. This is the only way to maintain the purity of the contingent of party members. The circumstance of unqualified party members is somewhat complicated. First, their number is considerable. Second, although some of them have not violated the law or discipline, they do not fulfill party members' duties, nor do they play the role of party members. They behave like "common people" and even worse. Third, apart from personal reasons, some of them are the direct result of weak and lax party organizations, which are negligent of education and management. At the end of 1988, the CPC Central Committee decided to set up gradually in the whole party the system of democratic appraisal of party members through discussion. Democratic appraisal of party members integrates education, management, and supervision of party members, and combines commending the advanced and encouraging healthy trends within the party with disposing of unqualified party members and removing negative factors. We should, through criticism and self-criticism and the method of the mass line, enhance the ability of party members to overcome problems and resolve contradictions by relying on their own efforts. Democratic appraisal of party members through discussions should be combined with appraisal of party branches by party members. In this way, we shall be able to strengthen in an all-around way the building of basic-level party organizations. Practice has proved that this is an effective mechanism to maintain the advanced nature and purity of the contingent of party members under the new situation.

To uphold the criteria for party members, it is also necessary to strictly control the "admission pass" in recruiting new party members. During the war years, joining the revolution and the party meant undertaking dangerous work and even laying down one's life. Backward, speculative, and wavering elements of course would not come to join the CPC, or few of them would. Moreover, arduous and cruel environments also served as huge waves washing away the unqualified ones. After the CPC came to power, the "mechanism of natural elimination" no longer existed. In the eyes of some people, there is hardly any risk in joining the party, and, on the contrary, one can also fish for personal gain. Some people even regard joining the party as a political step for seeking fame and profits. We should have a sober understanding of this, and take rigorous measures in practical work to guard against those who have incorrect motives and who just wish to fish for benefits without fulfilling duties from sneaking into the contingent of party members.

The strength and role of the proletarian party depend on the quantity, but even more on the quality, of party members. Compared with quantity, quality comes first. In implementing the principle of "upholding criteria, ensuring quality, improving composition, and developing prudently," it is necessary to put the stress on continuously expanding the contingent of activists who wish to join the party and strengthening work to educate, train, test, and judge them. This is the basis for ensuring the quality of new party members. It is necessary to comprehensively test and judge the political awareness, ideological quality, and motives for joining the party of the activists who wish to join the party. Prospective party members should be required to receive short-term intensive training before joining the party. Formalities of joining the party in accordance with stipulations of the party constitution and with detailed rules of work for recruitment of party members should be strictly followed. These are concrete measures for ensuring quality in recruiting new members into the party. They have proved to be effective in practice and should be upheld. We should strictly control "admission," and open the "exit" for unqualified party members who do not correct their mistakes after repeated education, and strengthen education and management of all party members. By so doing, the task of upholding criteria for party members can surely be fulfilled.

#### Article Discusses Seeking Truth From Facts

HK1706123192 Beijing RENMIN RIBAO in Chinese  
12 Jun 92 p 5

["Pen Talk" column under the heading "Seizing Opportunity To Develop Ourselves" by Xu Shiqun (1776 0013 5028), member and secretary general of the Sichuan Provincial CPC Committee: "Uphold Party's Ideological Line of Seeking Truth From Facts"]

[Text] Comrade Deng Xiaoping has recently indicated that Marxism is plain and very simple truth. Seeking

truth from facts is the quintessence of Marxism. This is a very incisive generalization on the spiritual essence of Marxism.

The Marxist world outlook is dialectical materialism and historical materialism, and seeking truth from facts is the basic tenet of materialism. Engels pointed out: "The decision was taken to comprehend the real world—nature and history—as it presents itself to everyone who approaches it without preconceived idealist opinions. The decision was taken mercilessly to sacrifice every idealist opinion which could not be brought into harmony with the facts grasped on their own and not in some fantastic interconnectedness. And materialism actually means nothing more than this." (*Selected Works of Marx and Engels*, Vol 4, p 238) This being the case, the concept of dialectical materialism refers to nothing other than grasping matter through its own relations, while seeing the world with its original features.

It was Comrade Mao Zedong who explicitly set out the concept of "seeking truth from facts," while generalizing the Marxist ideological line in its light. Comrade Mao Zedong stated: "'Facts' are all the things that exist objectively, 'truth' means their internal relations, that is, the laws governing them, and 'to seek' means to study. We should proceed from the actual conditions inside and outside the country, province, county or district, and derive from them, as our guide to action, laws which are inherent in them and not imaginary, that is, we should discover the internal relations of the events occurring around us. And in order to do that we must rely not on subjective imagination, not on momentary enthusiasm, not on lifeless books, but on facts that exist objectively; we must appropriate the material in detail and, guided by the general principles of Marxism-Leninism, draw correct conclusions from it." (*Selected Works of Mao Zedong*, New Edition, Vol 3, p 801)

Comrade Deng Xiaoping has repeatedly stressed that the quintessence of Mao Zedong Thought is precisely "seeking truth from facts." What accounted for Comrade Mao Zedong's greatness and his ability to guide the Chinese revolution to victory was, in the final analysis, his reliance on seeking truth from facts. We relied on it in past wars; today, we continue to rely on it when pursuing construction and reform. The phrase "seeking truth from facts" is the embodiment of the CPC's understanding of the universal tenets of Marxism, and its historical experience in linking theory with practice, applying the universal tenets to analyzing China's realities.

#### 1. Seeking Truth from Facts Is the Theoretical Cornerstone for Building Socialism With Chinese Characteristics

The contents of the theory of building socialism with Chinese characteristics, which the Central Committee has generalized into 12 points, are very rich. The cornerstone of this theory is precisely the concept of seeking truth from facts. It was precisely on the basis of seeking truth from facts that a series of important breakthroughs

in the understanding of scientific socialism, such as "Chinese characteristics," "the initial stage," "the basic task," and "the productive forces criterion" was made possible.

"Chinese characteristics" means that in building socialism, it is imperative to proceed from China's actual conditions, while refraining from copying foreign patterns and conclusions from books intact; we must take our own road.

"The initial stage" cannot be transcended, and the existence of many peculiar conditions are inevitable. We should not reject things inevitably surfacing at the present stage, which should be allowed their existence, nor should we do things which are possible only in the future by transcending a stage today. We can only proceed from the actual conditions, and do business according to their inherent law. Without the understanding in the "initial stage," how could we explain the "contract responsibility system on a household basis with remuneration linked to output"? How could we explain "some people becoming well-off first"? And how could we explain joint ventures?

"The basic task" is to develop the productive forces, to work hard to meet people's ever-growing demands in their material and cultural lives. In the initial stage of socialism, it is all the more important to firmly grasp economic construction and continuously augment the socialist material base, which is the greatest reality.

The "productive force criterion" tells us that all things conducive to development of the productive forces fall in line with the people's basic interests, and are, therefore, required or allowed by socialism. All things that are not helpful to development of the productive forces run counter to scientific socialism, and are therefore given no place in socialism. Thus, we have a basic objective criterion for judging reform's success or failure. Without emancipating the mind and the ideological line of seeking truth from facts, it would have been impossible to set forth this objective criterion.

In our long-term practice of socialist construction, we have appended many things to socialism, and capitalism as well. It was said that things that do not belong to scientific socialism were socialist and must be adhered to, whereas things that do not belong to capitalism were capitalist, and must be abandoned. Having pursued socialism for scores of years, we did not have a clear picture of what genuine socialism is, and a fundamental cause lies precisely in deviation from seeking truth from facts. This being the case, on the basis of summarizing historical experiences, Comrade Deng Xiaoping indicated: "Without emancipating our minds, seeking truth from facts, proceeding from reality and integrating theory with practice, it would have been impossible for us to work out our present set of general and specific policies, and thus arouse the people's enthusiasm; and we could not possibly succeed in modernizing and in

demonstrating the superiority of our socialist system." (*Selected Works of Deng Xiaoping*, p 176)

The theory of building socialism with Chinese characteristics is the crystallization of the ideological line of seeking truth from facts; it has, in turn, enriched and deepened the ideological line of seeking truth from facts, while setting out the new requirements.

## 2. Seeking Truth From Facts Is the Prerequisite for Emancipating, Developing the Productive Forces

Comrade Deng Xiaoping has recently pointed out that "Revolution is to emancipate the productive forces; the same is the case with reform." This new thesis will play an unfathomable role in pushing the development of reform in depth and breadth; at the same time, it has set out the imperativeness of further emancipating the mind. To emancipate the mind is precisely to seek truth from facts. Just as Comrade Deng Xiaoping put it: "Our successes in reform and opening up do not depend on books, but on practice and seeking truth from facts." The issue of emancipating the productive forces through reform exists under socialist conditions because:

First, the contradiction arising from the incompatibility between some of our existing economic and political structures and socialist modernization has not been basically resolved. Some aspects of and links between socialist production relations and the superstructure are still impeding productive force development. Hence, the issue of emancipating the productive forces through reform. At present, the problem of being "large in scope with three irons [iron rice bowl, ironclad wages, and iron armchair (guaranteed rank)]" in state-owned enterprises, and the existence of formalism and bureaucratism in state organs have restricted the development of social productive forces. Should we fail to boldly and resolutely conduct reform, the emancipation of the social productive forces and improvement of economic results will be out of the question.

Second, reform has entered the stage of tackling bottlenecks, and involves readjustment of existing interest patterns as well as thousands upon thousands of households. In reform, the interest readjustment in human relations in socialist society is also a revolutionary change. When a certain reform measure is presented, with the personal interests of a number of people involved, reform will not be plain sailing, but will involve great risks. Without the spirit of blazing new trails and "taking" risks, the surfacing of a new path and new undertakings will be out of the question.

Third, the effects and interference of "leftist" ossified ideas and rightist ideology of liberalization inevitably form hurdles to the development of the social productive forces. Rightism will bury socialism, and sabotage the productive forces. Likewise, "leftism" will also strangle socialism, and shackle the productive forces. In China, "leftism" is deep-rooted, and under the bondage of such ossified thinking some people have shrunk from any undertakings and blazing any new trails just like those

old ladies with bound feet. Without reform, the shackled productive forces cannot be emancipated, and it will be impossible to boost the economy. Ossified thinking finds expression in "leftism" as well as rightism. Bourgeois liberalization is by no means genuine emancipation of the mind, but another form of expression of ossified thinking. Those people who advocate bourgeois liberalization regard private ownership and the multiparty system of Western capitalism as "foreign doctrines" and copy them intact, while demanding the pursuit of "total Westernization," thus creating turmoil in China, which can only sabotage the productive forces in socialist society.

Therefore, we can see that "leftism" and rightism share the same origin in world outlook and methodology, and are diametrically opposed to the ideological line of seeking truth from facts. Genuine emancipation of the mind should be free of any blind faith in any doctrine, but subject to objective truth; it does not proceed from any doctrine, but from objective reality, while correctly revealing the nature and law of reality and effectively resolving realistic contradictions.

At present, the time is favorable to us. We should closely center around quickening the pace of reform and opening up and the target of promoting the economy's mounting to a new plane, further emancipate our minds, and grasp and do substantial work wholeheartedly. It is imperative to step up converting the operational mechanism of state-owned enterprises, earnestly implement the separation of government and enterprise functions, and genuinely push enterprises toward the market. It is necessary to accelerate economic restructuring, and develop tertiary industry in a big way. In addition, it is necessary to adhere to the principle of science and technology being the primary productive force, promote progress in science and technology and augment technological transformation, while accelerating the rate of improving enterprises' economic results. To do a good job of all this, proceeding from the actual conditions and seeking truth from facts is indispensable.

### 3. Seeking Truth From Facts Is the Basic Assurance for Correctly Unfolding the Fight Against Tendencies

It is necessary to be vigilant against rightism, but we should mainly prevent "leftism." Some people say it is very difficult to find a solution to this issue. In fact, as long as we firmly implement the ideological line of seeking truth from facts, that is, proceed from reality at all times, the issue can be basically resolved. When there is "leftism," we will oppose it; likewise, we will fight rightist tendencies whenever they appear. Comrade Deng Xiaoping said: "We should not neglect the issue of "leftism," which is deep-rooted; the key lies in correcting "leftist" tendencies in guiding thinking. However, that cannot solve all problems; it is necessary to simultaneously correct rightist tendencies." The above statement accurately reflects, in a comprehensive way, our party's principle in fighting tendencies.

What affects deepening reform today are rightist things, but mainly leftist things. Why? Reform means abolishing the old and establishing the new, initiating the useful and doing away with the harmful. However, for a long time we have pursued "leftist" things which are deep-rooted and have great effects, and more often than not, people are used to viewing present-day reform in light of past concepts; consequently, the main resistance to reform is the effects of "leftist" ossified ideas. In different stages of development, the ways in which "leftist" things are expressed differ. At present, the views that reform and opening up are importing and developing capitalism and that the chief danger of peaceful evolution comes from the economic arena are precisely "leftism." In the wake of the drastic changes in East Europe and the disintegration of the USSR, peaceful evolution poses a realistic threat to the state's prolonged political stability and long-term peace. Under such circumstances, "leftist" sentiments are liable to rise and help "leftist" tendencies grow.

This being the case, it is necessary to soberly ponder the following issues:

First, peace and development remain the two major themes in our present-day world. The world and Asia are making progress and Southeast Asia is developing. All this is challenging. For us, it will not do should we fail to make progress, nor will it do should the progress be slow. To make progress, it is imperative to conduct reform and opening up. Reform means taking some risks; but there will be no way out should we stop reform, and that spells greater risks.

Second, political stability must be based on economic development. Should the economy fail to develop, basic political stability would be out of the question. Fushan in the Zhu Jiang Delta conducted a wide-ranging poll not long ago, and the statistics showed that 93 percent of people were full of confidence in socialism. The Zhu Jiang Delta has direct ties with Hong Kong, and people's vision there is considerably broader. Obviously, that answer to the poll did not proceed from concepts, but from the realities of people's personal experiences and feelings. Since reform and opening up, the Zhu Jiang Delta has advanced by leaps and bounds; people enjoy full employment, with their living standards universally arriving at the comparatively well-off level. People have repeatedly compared things from various angles, and come to the conclusion that the policy of reform and opening up, the party's basic line, and the road to socialism with Chinese characteristics are fine. Such faith in socialism originating from real life is unshakable under any circumstances. This being the case, it is imperative to eradicate factors of social instability to sustain the state's prolonged political stability and long-term peace. In the final analysis, to firmly plant our feet in a changeable world, to stand the tests of the competition and challenges from Western countries, it is imperative to develop the productive forces in a big way and to continuously augment socialism's attraction and rallying force in people's minds.

Third, Comrade Deng Xiaoping said that adherence to socialism "is a course of struggle as well as one of persuasion and education; however, eventually convincing those people who do not believe in socialism depends on our development. Should we achieve a comparatively well-off level by the year 2000, we will make them somewhat sober; when we succeed in building a socialist country at an intermediate development level, we will convince them far better, and the majority of those people will genuinely see their mistake." This being the case, the basic starting point in adhering to socialism is precisely to develop the economy as quickly as possible. We adhere to taking economic construction as the center, while requiring all other work to be subject to and serve this center, allowing no deviation from this center at any time, with the exception of a large-scale war. Here precisely lies the great political significance of this point.

The ideological trend of bourgeois liberalization once ran amok in China a few years back, demanding total Westernization and implementation of the multiparty system, and even setting out "the need to import a premier"; consequently, people's minds were confused; hence there was social turmoil. Regarding rightist things, it is imperative for us to be highly vigilant, and to always pay attention to adhering to the four cardinal principles in the entire course of reform and opening up. However, by no means should we reach an erroneous judgment, believing "leftism" is better than rightism, because rightist tendencies will bury socialism, and so will "leftism."

#### Jiang Writes Inscription for Shanghai Library

OW2307133292 Shanghai People's Radio Network  
in Mandarin 2300 GMT 22 Jul 92

[From the "Morning News" program]

[Excerpt] A forum was held yesterday to mark the 40th anniversary of the construction of the Shanghai Library. Jiang Zemin, general secretary of the CPC Central Committee, wrote an inscription for the occasion. The inscription reads: Strive to popularize general education and disseminate scientific and technological knowledge so as to serve the socialist modernization drive.

Chen Zhili, deputy secretary of the municipal party committee, and Vice Mayor Liu Zhenyuan attended the forum to extend their congratulations. On behalf of the municipal party committee and government, Chen Zhili extended her warm regards to librarians across the municipality. She urged them to concentrate on political and professional training, before the completion of the new library, to improve services for society and economic construction. [passage omitted]

#### State Leaders, Others Mourn Deng Yingchao

OW2407055992 Beijing XINHUA Domestic Service  
in Chinese 1101 GMT 23 Jul 92

[Text] Beijing, 23 Jul (XINHUA)—Over the past several days, leaders of some countries, political parties, and celebrities have sent messages to President Yang Shangkun, Chairman Wan Li, the CPC Central Committee, the Chinese People's Association for Friendship With Foreign Countries, and the Association for International Understanding to express their deep condolences over the death of Comrade Deng Yingchao.

In his condolence message to President Yang Shangkun, Australian Governor General Bill Hayden says that he is profoundly saddened upon learning of the death of Deng Yingchao, an exceptional figure in Chinese history. He says: "I wish to express to you, the Chinese people, and her family the deepest sympathy and condolences from myself and the Australian people."

In his condolence message to Chairman Wan Li, Yoshiro Sakurai, speaker of the House of Representatives of the Japanese Diet, says: "I am immensely saddened by the obituary of the death of Deng Yingchao, vice chairman of the Standing Committee of the National People's Congress."

The message says: "I will always remember the late Madame Deng Yingchao for her important contributions to the development of Japan-China amity, and I also wish to express my deep condolences."

In its condolence message to the CPC Central Committee, the Political Bureau of the Communist Party (Marxist) of India, says: "The Political Bureau of the Communist Party (Marxist) of India wishes to express its deepest condolence on the death of Deng Yingchao, an exceptional leader of the CPC. Deng Yingchao was a loyal revolutionary. Her history, the role she played during the historic 1934-35 Long March, and her courage and sacrificing spirit have always been the source of strength inspiring the Chinese people. As the wife of the great revolutionary Zhou Enlai, Deng Yingchao was his loyal companion throughout the historical period of revolutionary struggles."

Sending condolence messages to the Chinese People's Association for Friendship With Foreign Countries were: Shinji Sato, former minister of transport and member of the House of Representatives of Japan; Saburo Toida, former minister of health of Japan; Hiroshi Tzuruoka, member of the Executive Committee of the Komeito Central Committee and member of the House of Councillors; Goro Kiyomiya, president of the Association for Japan-Guizhou Friendly Exchange; Mitsuki Ikeda, wife of Hayato Ikeda, the late prime minister of Japan; Yukihiko Ikeda, member of the House of Representatives of Japan and director of the Japan-China Association; Isamu Takada, president of the Nagasaki Association for Japan-China Friendship and governor of Nagasaki Prefecture of Japan; President

Takashi Mukaibo, Vice Presidents Heisaharu Ogawa and Masaharu Gotota, and Director General Takeshi Noda.

In her message to the Association for International Understanding, President Bandaranai of the Association for International Understanding of Sri Lanka expressed deep condolence on the death of Deng Yingchao. The condolence message says: "Premier and Madame Zhou Enlai had close friendly relations with Sri Lanka and the Bandaranai family."

### 'Special Feature' Views Anti-Narcotics Campaigns

HK2107124192 Beijing RENMIN GONGAN BAO  
in Chinese 30 Jun 92 p 1

[ "Special Feature": "Drug Prohibition in China" ]

[Text] The Fifth International Drug Prohibition Day fell on 26 June this year. Around this day, various sorts of campaigns were launched across the country, setting off another high tide in the anti-narcotics struggle.

Report from Yunnan by Yu Fang [0827 5364]: On the morning of 26 June, at the Tuodong Stadium in Kunming, capital of Yunnan Province, judicial organs publicly sentenced 21 drug criminals to death. Moreover, they burned one ton of heroine and three tons of opium, which were seized by public security organs over the past few years. While 21 drug criminals were sent to the execution site to be shot, the 60 drug-filled pots in the stadium were in hot flames and the 400-odd people present applauded warmly.

Yunnan borders the "Golden Triangle," one of the world's major drug production regions. Taking advantage of the many passages and the few barriers on the Yunnan border, international drug syndicates wantonly engage in drug trading activities by way of Yunnan, making it the foremost front in the national anti-narcotics struggle. In recent years, the Yunnan Provincial party committee and provincial government have launched the anti-narcotics struggle unceasingly and in a sustained way, and public security organs have unearthed many serious cases. This sentencing rally was the fifth organized by the province in the past two years. Thirteen prefectures, autonomous prefectures, and cities including Simao, Dehong, Lincang, Dali, Baoshan, and Xishuangbanna also called anti-narcotics and sentencing rallies on the same day. They pronounced sentences on a number of drug criminals and burned vast quantities of drugs.

Report from Guangdong by Zhu Yushu [2612 3768 2579]: On 26 June, hot flames shot up in four heaps of drugs in Humen township, where Lin Zexu once burned opium. The drugs became ashes almost instantly. This was one of the series of activities for the "International Drug Prohibition Day," organized by the anti-narcotics committees of Guangdong Province and Dongguan city.

Before this, people of all sectors from Guangdong Province and Dongguan City held an anti-narcotics symposium. Moreover, they launched other activities such as anti-narcotics counseling, cultural and literary performances, and distributing anti-narcotics journals.

In a unified action to wipe out the "seven vices" launched in Guangdong from April to May this year, the province unearthed a total of 254 drug trafficking cases. Not long ago, the Guangdong Provincial Anti-Narcotics Committee organized a large-scale drug burning activity. This time, they also burned another 160 kg of heroine, opium, and marijuana near the old site in Humen where Lin Zexu once burned opium. An old worker at the Opium War Memorial Hall, touching the statue of Lin Zexu, said with deep feeling: "In those days, Lin Zexu burned opium and became a renowned historical figure. Today, the good the CPC did in banning drugs will last for many generations to come!"

Report from Guangxi by Ma Zongfu [7456 1350 3940]: As the Fifth International Drug Prohibition Day approached, Guangxi's Nanning vigorously launched a large-scale anti-narcotics propaganda campaign. Huge slogans hung in the city center, over main streets, and on public buildings. Propaganda cars drove along slowly, unceasingly broadcasting the state's anti-narcotics laws and regulations. In front of the six propaganda stations in Zhaoyang Square and other places, many people looked at the hanging pictures and video tapes. Work personnel received the masses for counseling, gave out anti-narcotics propaganda material....

People kept coming to the Workers' Cultural Hall to visit Nanning City's Anti-Narcotics Exhibition. Here all kinds of pictures, photos, and tools demonstrated the harm of drugs to people. A retired worker visited the exhibition once on the first day it began. On the afternoon of that day, he brought his son to the exhibition again. In fact, his son got addicted to drugs not long ago. And for this reason, he wasted all the family's savings and borrowed more than 10,000 yuan from his relatives and friends. After the visit, the old man's son immediately promised that he would be determined in quitting the drug-taking habit. The old man told the work personnel excitedly: "The exhibition has saved my son and my whole family!" It is learned that since the exhibition began on 22 June, 3,000 to 4,000 people visit the exhibition every day.

Report from Shaanxi by Zhang Huaqin [1728 5478 0530]: On 26 June, a high tide of anti-narcotics propaganda and counseling was set off in the old city of Xian. Eye-catching slogans hung on the four city walls in four directions, and around the clock tower were propaganda stations. Some passers-by stopped and listened carefully to the anti-narcotics laws and regulations broadcast on tape. Some asked for propaganda material or looked at video tapes and photo exhibits. Comrades in charge of Shaanxi Province and Xian City also participated in the propaganda and counseling activities. It is said that on 26 June, 80 propaganda stations and points were set up

in the 13 districts and counties of Xian city, and over 1,500 people participated in counseling services and more than 40,000 pieces of anti-narcotics material were distributed. Before this, Shaanxi Province printed and distributed over 200,000 copies of propaganda material including the "Decision on the Banning of Drugs" by the Standing Committee of the National People's Congress and the "Notice on the Banning of Drugs" and "Knowledge Concerning Drugs" prepared by the Shaanxi Provincial Government.

**Report from Inner Mongolia by Lei Sheng [7191 0524]:** On 26 June, over 50,000 cadres and people of various nationalities held varied and colorful anti-narcotics propaganda activities in the 12 autonomous prefectures and cities of the Inner Mongolia Autonomous Region. Anti-narcotics banners were seen everywhere in Hohhot city, the autonomous region's capital. The autonomous regional anti-narcotics office and leading comrades of the Hohhot city party and government came to busy sections of the city and gave out propaganda material to the masses. The city public security bureau held a rally, which was attended by over 1,000 people, in the Workers' Cultural Hall to deal blows to drug criminals. At the propaganda station in front of the building of the Hohhot city party committee, many voluntary drug rehabilitators registered their names in a log book. That day, while launching propaganda activities, several autonomous prefectures and cities including Bayannur Prefecture burned lots of drugs.

**Report from Fujian by Zhang Daqiang [1728 1129 1730]:** At the time of the Drug Prohibition Day, people in Fujian's urban and rural areas said: "Ban drugs." Over 70,000 sets of anti-narcotics propaganda pictures were posted in streets, alleys, and sidewalk apartments as if they appeared overnight. On 27 June, the Fujian Provincial Anti-Narcotics Committee [PAC] and People's Court called mobilization rallies in four prefectures and cities including Fujian, Sanming, and Ningde to propagate drug prohibition and burn drugs. They pronounced sentences on 24 criminals involved in seven drug trafficking cases, of whom five drug traffickers were later executed. They burned over 170 kg of drugs as well. It is learned that in recent years, Fujian Province's public security organs have arrested 13 Taiwan and Hong Kong drug traffickers, seized over 40,000 grams of heroine and marijuana, and guns, bullets, apparatuses for smuggling purposes, and some cash for drug purchases [du zi 3021 6327]. The person in charge of the PAC said: Fujian Province will seize the favorable opportunity afforded by International Drug Prohibition Day, in which massive propaganda and mobilization are to be launched, to organize crack forces to strive to unearth many more serious cases.

In addition, according to reporters from all localities, around 26 June, Heilongjiang, Gansu, Guizhou, Shanghai, Tianjin, and Chengdu also held rallies to pronounce sentences and burn drugs, or held anti-narcotics propaganda activities.

## Science & Technology

### Song Jian Launches Basic Research Program

OW2207213392 Beijing XINHUA Domestic Service  
in Chinese 1002 GMT 22 Jul 92

[By reporter Yang Zhaobo (2799 0340 3134)]

**[Text]** Beijing, 22 Jul (XINHUA)—The State Commission for Science and Technology [SCST] today called a meeting to launch its "Climbing Program" [pan deng ji hua 2372 4098 6060 0439], which it drew up to increase state support for basic research and applied basic research so as to ensure sustained and steady development in this field.

The program concerning the state's major basic research projects is an important part of the nation's basic research plan and a major step the state has taken to intensify basic research at a time when direct government participation in organizing and promoting major basic research has become a trend of the world's scientific and technological development. The program is composed of 30 major research projects to be conducted under the Eighth Five-Year Plan—projects relevant to basic sciences and applied basic sciences, such as mathematics, physics, astronomy, chemistry, biology, basic agronomy, basic medicine, earth science, and technical science. In terms of major disciplines, seven projects are related to mathematics, physics, and astronomy; six to chemistry; seven to biology, agronomy and medicine; five to earth science; and five to technical science. The formulation of the program is based on four principles: They must be projects of recently developed science fields for which a fairly solid foundation has been built; they must be basic research projects that have prospects of being applied in important fields, that are urgently needed in China's economic construction, and that enjoy international popularity; they are basic research projects with attributes of China's geographical conditions, resources, and research capacity; and they are basic research projects in which China is among the best in the world. Projects under the program are selected by the State Education Commission, the Chinese Academy of Sciences, and the State Natural Science Foundation under SCST coordination. All decisions are made scientifically, democratically, justly, and rationally after they have been assessed and discussed by experts.

Addressing the meeting today to launch the program, Song Jian, state councillor and SCST minister, said: China must scale the heights of science and technology in order to achieve socialist modernization and social progress. Only when our research produces ample results can we powerfully expedite our national economic development and socialist spiritual construction. Scaling the heights of science and technology is also needed for scientific and technological development itself. Scientific and technological development has been proceeding deeply and broadly with unprecedented high speed in recent decades. Only when we have the lofty ambition to

scale the heights of science and technology can our scientific and technological research reach a higher level.

Song Jian maintained that in order to intensify basic research under the new situation, attention must be paid directly to the following issues: Basic research must be innovative and research levels must be high; research projects must be carefully selected; research groups can be small, but researchers must be capable so that they can pool their efforts to fight a war of annihilation; and there should be a spacious and democratic environment and conditions so that people will be encouraged to innovate and distinguish themselves.

### Military

#### **Yang Baibing Attends Double Support Seminar**

*OW2307114992 Beijing XINHUA Domestic Service in Chinese 1404 GMT 22 Jul 92*

[By RENMIN RIBAO reporter Guo Jia (6753 0857) and XINHUA reporter Jiang Hong (5592 3163)]

[Text] Qingdao, 22 Jul (XINHUA)—The first national seminar on double support work theory was held 18-21 July in Shandong's Qingdao.

At the meeting, an important activity for marking the 50th anniversary of the Yanan Double Support Movement, achievements on research for the double support work theory were exchanged. Leading comrades of the State Council and Central Military Commission attached great importance to the meeting. Yang Baibing, member of the Secretariat of the CPC Central Committee and secretary general of the Central Military Commission, and Chen Junsheng, state councillor and head of the All-China Leading Group for Double Support Work gave important directives separately. Zhou Wenyuan, Li Changan, and Fan Baojun, deputy heads of the All-China Leading Group for Double Support Work, as well as responsible persons of relevant departments of provinces, autonomous regions, municipalities, and army, attended the meeting.

A total of 92 theses were presented at the meeting. Authors of these theses included provincial party secretaries, governors, leading comrades of large army units, local party committees, and comrades of government offices and the army's political and logistics departments. In addition, there were experts and scholars who have engaged in political, economic, and social studies over a long period, as well as plant directors and managers of state-run large- and medium-sized enterprises, Chinese-foreign joint ventures, cooperative enterprises, and exclusively foreign-owned enterprises.

Many participants and theses authors felt that double support work is a long-term strategic task that concerned our country's long-lasting peace and our people's growth and prosperity. While vigorously tackling economic development and accelerating reform, we must continue

to work hard in double support work. It is increasingly necessary to effectively tackle double support work as well as to consolidate and develop the excellent situation of the army, government, and the people sharing the same breath, same destiny, and same mind, who believe the deeper the reform, the wider the opening up, and the more developed the economy is. We must uphold double support work on a long-term basis. First, we must try to do practical work. Second, we must build up a strong organization and leadership for supporting the work. Third, we must steadfastly persist in adopting the mass line and center our work at the grass-roots level.

#### **PLA Supports, Contributes to Reform, Opening**

*OW2307141892 Beijing XINHUA Domestic Service in Chinese 0635 GMT 23 Jul 92*

[By reporters Cao Guoqiang (2580 0948 1730) and Chen Yan (7115 8746)]

[Excerpts] Beijing, 23 Jul (XINHUA)—"The military should serve as an escort for reform, opening up, and economic development." This call by a leading comrade of the Central Military Commission [CMC] is being translated into concrete actions by officers and men of the three services of the People's Liberation Army [PLA].

Inspired by Comrade Deng Xiaoping's important speech, commanders and fighters throughout the military have furthered enhanced their sense of historical responsibility for "serving as an escort" for reform, opening up, and economic development. The CMC leading comrade urged the whole army to respond to the call of the CPC Central Committee, steadfastly and consistently implement the party's basic line, actively support, participate in, and safeguard reform and opening up, and make new contributions in building socialism with Chinese characteristics. All military units—from the general headquarters to the services and military regions—have supported reform and opening up as the basic line of the party with their own concrete actions. The vast number of commanders and fighters have enthusiastically thrown themselves into the great cause of reform and opening up and conscientiously fulfilled their lofty responsibility as people's soldiers in the new period.

According to a briefing by a relevant department of the general headquarters, army units have, in addition to energetic support to local economic development over the years, been taking part in the nation's economic construction with even greater enthusiasm, always volunteering for the most urgent, difficult, demanding, and dangerous assignments. Soldiers can be always found on construction sites of key state projects; their shining army emblems can be seen wherever a major project is under way. [passage omitted]

According to incomplete statistics, in the first half of this year the military dispatched over 12 million soldiers and

30,000 vehicles and other machinery pieces to take part in 230 key projects at the provincial level or higher. [passage omitted]

To better fulfill its historical mission of "serving as an escort" for reform, opening up, and economic development, the PLA has, while sparing no efforts in reforming and building up itself, set for itself even higher standards regarding supporting the government and cherishing the people so that enhanced army-government and army-people unity will serve as an essential political guarantee for accelerated reform and opening up. [passage omitted]

Locally stationed troops across the nation have also worked hard to create favorable conditions for reform, opening up, and attracting foreign investment. Local troops in Shanghai, Zhejiang, Fujian, Guangdong, Hainan, and other open areas are experimenting various forms of joint development and mutual assistance with foreign-funded enterprises. PLA officers and men contributed their hard work to many foreign-funded enterprises from ground-breaking to operations. Many overseas businessmen, deeply impressed by the fine work style, strict discipline, and dashing bearing of PLA officers and men who were sent to help build joint-venture enterprises, undertake rescue and disaster operations, or engage in joint development with civilians, began to feel more secure in investing in Mainland China.

#### PLA Role in Economic Construction Noted

OW2407054692 Beijing XINHUA in English  
0448 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—The Chinese People's Liberation Army (PLA) was devoted to China's economic construction and achieved remarkable progress.

In the Pudong development zone in Shanghai and the West district in Zhuhai city, Guangdong Province, thousands of PLA men are working on construction of highways, banks and installing telecommunications lines.

In the Shengli oilfield, thousands of PLA men put up tents on the seashore to help an oil exploration project at the continental shelf, PEOPLE'S DAILY reported.

The PLA men also actively participate in infrastructural construction and water conservancy projects in localities, and opening up wasteland and deserts.

Statistics show that in the first half of this year millions of PLA men with tens of thousands of vehicles were mobilized in the 230 key projects sponsored by the central and provincial levels.

In recent years, the PLA opened hundreds of military posts to facilitate local communities' opening up and economic exchanges in addition to the opening of military ports, airports and railways.

Military universities and research institutes also transferred a great deal of scientific and technological fruits to support local economic development.

The PLA troops in Shanghai, Zhejiang, Fujian, Guangdong and Hainan made efforts to aid many foreign-funded enterprises in the areas.

#### 'Road of China' TV Series Produced by PLA

OW0807011792 Beijing XINHUA Domestic Service  
in Chinese 0545 GMT 7 Jul 92

[By correspondent Duan Xiaogui (3008 7522 6311)]

[Text] Nanchang, 7 Jul (XINHUA)—The filming of a 10-part television series "The Road of China" by the General Political Department of the People's Liberation Army [PLA] was completed in Jiangxi today. This series comprehensively and systematically portrays the tremendous achievements made on our country's various fronts since the beginning of reform and opening to the outside world.

"The Road of China" contains both actual events and political comments. It depicts major reforms in the political, economic, and military fields as well as great successes in science, technology, and culture; it portrays the tremendous achievements made in the special economic zones and open areas along the coast as well as gratifying changes that have taken place in inland and old revolutionary base areas; and it describes the great Asia-Europe railway bridge, the three gorges project, the Dayawan Nuclear Power Station, and other major state projects as well as the look of rural areas where individual households, including specialized ones, have been getting rich. This series fully, accurately, and vividly expounds through television footage that reform and opening to the outside world is the only road to building socialism with Chinese characteristics.

#### Economic & Agricultural

##### 'Major Reform' Planned in Foreign Trade System

HK2407065392 Hong Kong WEN WEI PO  
in Chinese 24 Jul 92 p 2

[Dispatch from Beijing by staff reporter Liu Szu-Hsin (0491 1102 2500): "China To Carry Out Major Reform in Foreign Trade System by Making Quota System Public and Narrowing Scope of Import Licences"]

[Text] According to an authoritative source, China is to "take big strides" in the reform and opening up of its foreign trade—by managing imports according to international practice and conforming to the rules and regulations of the GATT; foreign trade exports will have to conform to the requirements of international rules and regulations, where laws, policies and economic means will be used to bolster macroeconomic administration and cut down on microeconomic management; foreign-funded enterprises will be set up on an experimental

basis in previously "prohibited areas" like insurance, finance, marine transport, and aviation so that foreign investments may receive the same treatment as local investments.

The source also revealed that the plan was recently approved by the central authorities after lengthy deliberation and study by the departments in charge of foreign economic relations and trade. China will adopt many new measures in order to speed up the pace of reform and opening up.

Concerning its import control system, China will conform with GATT regulations in line with regular international practice, including taking the following steps:

- Gradually setting up an open quota system within the scope of the GATT in line with international practice.
- Abolishing at an appropriate time the list of commodities and assembly lines whose importation is either prohibited or temporarily suspended, and instead making public a list of commodities whose importation is encouraged.
- Managing products of newborn industries according to GATT provisions on the protection of developing countries as well as according to international practice.
- Lowering the general level of tariffs as substantial talks on the restoration of GATT membership progress.
- Narrowing the scope of commodities requiring import licences, and others.

On the reform of the foreign trade export system, laws, policies, and economic means will be used to bolster macroeconomic management and cut down on microeconomic administration, and a scientific system of management which has Chinese characteristics and which can adapt to the requirements of international standards will be created, with the following principal features:

- Reducing the scope of planning and licence requirements, as well as the categories of commodities under the voluntary quota management system.
- Aside from a handful of commodities which should come under centralized management, restrictions over operations of the great majority of export commodities will be lifted.
- The general headquarters of foreign trade enterprises will no longer assume the function of coordinating the operations of certain commodities.
- Raising the uniformity and transparency of foreign trade policies as well as related rules and regulations, and others.

In readjusting policies, the following steps will be taken to make full use of foreign capital:

—Expand the areas which are open to foreign capital, and set up foreign-funded enterprises on an experimental basis in areas like insurance, finance, marine transport, aviation, foreign trade, and domestic trade.

—Study and modify certain major policies designed to attract foreign investments and create conditions so that foreign investments may receive the same treatment as local investments.

—Open up domestic markets further to certain "foreign-funded" enterprises.

—Use industrial policies as the guide in the examination and approval of foreign investment projects, and carry out the same policies in both coastal and hinterland regions, and others.

China's foreign trade experienced an unprecedented boom in the first half of this year, when remarkable achievements were scored: Economic and trade business soared dramatically, the coastal and hinterland regions advanced simultaneously, joint venture projects were larger in scope, the export commodity structure was improved, and the markets were more diversified.

The source went on: The reform and opening up represents a powerful impetus pushing forward the sustained growth in China's foreign trade. In the first half of this year, China experienced an unprecedented boom in its foreign trade and achieved encouraging results, which are manifested principally in the following:

1. All kinds of economic and trade business grew rapidly and comprehensively. For example:

The total value of exports and imports reached 68.67 billion yuan, or 20.2 percent higher than in the same period last year (also applies to the following), with exports growing at the rate of 17.3 percent and imports at the rate of 23.4 percent.

2. The coastal and hinterland regions are advancing simultaneously and in equilibrium. Except for certain provinces and cities along the coast, exports grew at the rate of more than 25 percent in coastal or inland provinces like Heilongjiang, Hunan, Inner Mongolia, Xinjiang, Shaanxi, Jilin, Yunnan, and Gansu, as well as in cities like Harbin and Wuhan.

3. Joint venture projects grew bigger in scope. For newly approved direct foreign investments projects, the average contracted foreign capital for each project stood at \$1.12 million.

4. The export commodity structure and the economic joint venture structure further improved. The additional export commodities are: Export of cameras grew by 86.8 percent, freight containers by 83.8 percent, shipping by 71.3 percent, electrical equipment by 66.6 percent, and others.

**MOFERT Spokesman Holds News Briefing****Export, Import Reform Plan**

OW2407090992 Beijing XINHUA in English  
0858 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—China is to reform the administration of export commodities which was done according to their category, and most goods will become open to free management apart from a few under centralized control.

This was included in an overall plan China released today for speeding up reform and opening in the field of foreign economic relations and trade.

The plan says that the national import and export corporations will no longer be responsibilities for coordinating the management of some commodities, reflecting the principle of separating government from business [sentence as received].

At a news briefing today, Liu Xiangdong, spokesman for the Ministry of Foreign Economic Relations and Trade, said that China will render power of dealing with imports and exports to some qualified science research institutes, corporations engaging in foreign contract projects, and commercial groups.

The country will push forward the integration of foreign trade corporations with industrial, agricultural and commercial enterprises and science research institutes, and practice conglomerate management, Liu said.

He said China will try to set up step by step a public import quota system compatible with international norms, revoke the lists of commodities under import restrictions and suspension, and promulgate lists of import commodities which are encouraged.

In line with the process of negotiations to restore China's membership of GATT, Liu said, China will lower the general level of tariffs and remove the state's financial subsidy on imports.

**Trade, Investment Up**

HK2407102692 Hong Kong AFP in English  
1011 GMT 24 July 92

[Text] Beijing, July 24 (AFP)—China said Friday its foreign trade grew 20.2 percent in the first half of 1992 compared to the same period last year, and reported a tremendous jump in contracted foreign investment.

Foreign trade was up to 68.67 billion dollars, with exports rising 17.3 percent to 35.61 billion dollars and imports increasing 23.4 percent to 33.06 billion dollars.

At the same time, approved foreign investment surged 222.5 percent to 16.67 billion dollars after the signing of 13,052 contracts, a 159.5-percent jump, foreign trade ministry spokesman Liu Xiangdong told a press conference.

He said 8,619 joint venture deals were signed between January and June, a 167.3-percent jump over the same period last year, with total foreign capital going into the projects rising by 156.6 percent, to 6.49 billion dollars.

Foreign loans were also higher, by 21.2 percent, to 3.25 billion dollars.

The main beneficiaries of the increased trade and investment were the coastal provinces of southern and eastern China, Liu said.

Foreign trade was up 25 percent in Guangdong province, bordering Hong Kong, and in nearby Hainan, as well as Fujian in the southeast and the eastern provinces of Zhejiang and Jiangsu.

The region around the eastern metropolis of Shanghai had a similar increase, as did the border provinces with Russia, notably Heilongjiang and Xinjiang.

**Plans To Buy More European Goods**

OW2407112092 Beijing XINHUA in English  
0913 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—China's purchasing mission to Europe, which left China last month, plans to buy 4 billion U.S. dollars of goods from Europe and the update business turnover totalled 2 billion U.S. dollars.

This was announced here today by Liu Xiangdong, spokesman for the Ministry of Foreign Economic Relations and Trade.

The business turnover, of which spot trade accounted for over two-thirds, has exceeded last year's total of 1.6 billion U.S. dollars.

According to Liu, the products purchased this year included steel products, chemical fertilizers, airplanes, raw materials for chemical and textile use as well as equipment and technology of telephones, metallurgy and coal mining.

The buying activities will run through to the end of this month, Liu said.

This year's purchasing mission to Europe shows that there is a large demand for the import of advanced technology and equipment and large amounts of raw materials, the spokesman said, and China is capable of large repayment.

**Bo Yibo on Improvement of JINGJI RIBAO**

HK2407082192 Beijing JINGJI RIBAO in Chinese  
16 Jul 92 p 1

[Report by reporter Fan Jingyi (5400 2417 1355): "Interviewed by JINGJI RIBAO, Bo Yibo Emphasizes That Focus Must Be Placed on Propaganda of Need for Emancipating Mind in Reform and Opening Up"]

[Text] On 9 July, Bo Yibo, vice chairman of the Central Advisory Commission, was interviewed by this reporter. He gave many important ideas on how to further improve JINGJI RIBAO.

Old Bo was interviewed by this reporter following the approval by the State Council of JINGJI RIBAO's having eight pages next year. As an ardent supporter of the founding of JINGJI RIBAO in those days, and a proletarian revolutionary of the older generation who has always cared for this paper, Bo Yibo fully affirmed the efforts made since the paper was first published 10 years ago. He was also happy in his heart that the paper will take a new step forward soon.

Bo Yibo said: Since Comrade Deng Xiaoping made important remarks during his tour of southern China, a new situation of vigorous development of the economy and of reform and opening up has been inaugurated. As a paper mainly publicizing economic news, JINGJI RIBAO shoulders a heavier and heavier task. In order to accommodate the development of the situation, it is necessary to increase its number of pages. However, it is very difficult to run a paper. In order to fully propagate the spirit of Comrade Xiaoping's remarks, the central authorities' instructions and plans, and the party's basic line, principles, and policies, we need not only pages but, more importantly, to improve the quality and standards of the entire work personnel of the press, to deeply grasp the intentions of the CPC Central Committee and the State Council, and to do a lot of creative work so that propaganda and reports will have more practical and deeper contents and will play a greater role in promoting economic work.

Old Bo said: In propagating reform and opening up, it is necessary to emphasize propagating the need to emancipate the mind. If one's mind is not emancipated, one will not be bold and will not take long strides. Only by emancipating the mind can we seize the opportunity, firmly hang on to one goal, boost the economy, and strive to climb up one step every few years. Here, it is first necessary to resolve the problem that people dare not learn from capitalism. The newspaper should help people change their "way of thinking" by means of theory to make everyone understand more clearly that capitalism in fact has numerous advanced technologies, scientific management methods, and fine cultural achievements, that they are the common wealth of mankind, and that it is completely incumbent on us to learn all these things. Of course, we must not learn such decadent capitalist things as gambling, smuggling, the underworld, corruption, drug-taking, prostitution, and patronizing prostitutes. There are many things socialism and capitalism can learn from each other. In the past, we did not quite understand this. Conversely, some Western capitalists had a very good understanding of this. For example, during the 1950's, Japanese companies learned and used China's experiences of the 1950's, including the Anshan Iron and Steel Company's "having cadre participation in productive labor and worker participation in management, reforming irrational and outdated rules

and regulations, maintaining close cooperation among cadres, workers and technicians"; activities encouraging proposals for rationalization; and the principle that "workers regard the factory as home." I saw that people in the (Harp Company) [xia pu 1115 2528] have this motto: "men, dream, knot [as published]," which in fact is what we advanced by saying bring into play people's initiative and cooperation with ideals, with awareness, and with solidarity. Now they can learn from us, why can we not learn from them? The point is we should learn and use their good things selectively. In propagating the emancipation of the mind, we must also resolve the problem of fearing "polarization." Some cadres are always worried that the coexistence of multiple economic sectors and allowing some people and regions to get wealthy earlier will destroy socialism. They do not understand that the coexistence of multiple economic sectors which takes public ownership as the main body conforms to the demand for the development of productive forces at the initial stage of socialism and that nonpublic economic sectors are a necessary and beneficial supplement to socialism. This is very necessary, and is an important understanding and a correct policy gained from positive and negative experiences accumulated over many years. As long as we uphold public ownership as the main body and adhere to common prosperity there will be no class division. This has been proved by the practice since the Third Plenary Session of the 11th CPC Central Committee. As for these fundamental principles, JINGJI RIBAO should give full theoretical explanations of them.

During the conversation, old Bo repeatedly stressed that emancipation of the mind and seeking truth from facts are unified and are the ideological line our party must adhere to at all times. In news propagation, we must also seek truth from facts, we must guard against one-sidedness, and we must not say something is good without criticizing its weaknesses or say something is bad without evaluating its strong points. Everything in the world is complicated. In making propaganda, we should present the positive and negative effects in an all-round way. In the case of giving publicity to stocks, we should talk about their strong points, the possible risks involved, and their side effects. In the case of publicizing growth rates, a 6 percent growth rate is obviously inadequate, and it is still incumbent on and completely possible for us to increase it. Without vigorous growth rates, it will be impossible for us to quadruple [the gross national product] by the end of the century. However, real growth rates should take into account good quality, high returns, and product marketability. Comrade Xiaoping said it very clearly: As high a growth rate as possible. Here "as possible" means the presence of objective conditions. It is not good if, in the absence of objective conditions, we seek high growth rates while our product quality is poor, returns are low, and products are hardly marketable, neither should we do this.

Old Bo said: Journalists should delve into reality, reflect the actual situation more, and pay more attention to true

reports which are helpful to their work. Newspapers should carry good news while promptly pointing out the weaknesses and problems in work in such a way that they draw the attention of leading departments and society as a whole and facilitate progress in work. Such reports as "Quality Travels Far and Near" play a comparatively large role and readers like them. We should provide more such reports and provide them frequently. This is only good, and never bad, for both production and consumption.

After our conversation had ended, old Bo gladly picked up a pen and wrote the following words in calligraphic script for the 10th anniversary of the founding of JINGJI RIBAO: "Promote the Further Deepening of Reform and Opening Up; Inaugurate a New Situation for Publicizing the Economy."

#### Senior Economist Yu Guangyuan on Economic Reform

HK2407080892 Hong Kong TA KUNG PAO  
in Chinese 24 Jul 92 p 2

[“Special article” by senior reform Economist Yu Guangyuan (0060 0342 6678): “My 10 Views on the Economic System”]

[Text] (1) I support the proposal on “a new system of socialist market economy.”

(2) In this new system, “socialist market economy” has the dominant position. That is to say, in the new system, our country’s socialist economy means socialist market economy, and this means an end to the history of coexistence of market economy and planned economy which has existed in our country for the past several decades.

(3) We must build this new system in reform and development. The thing we must do now is to make clear and firmly establish this goal, eliminate the “leftist” interference and obstacles along the road we advance upon, and advocate solid work.

(4) The building of this new system is a process. In this process, we have to do two things: First, develop socialist market economy and enable it to grow and mature; second, reform the old system of planned economy.

(5) Development of socialist market economy is a job involving various aspects: a) The economic organizations participating in this system, especially publicly owned large and medium enterprises, must carry out further reform; b) The objects to enter this system must be expanded, and special attention must be paid to expanding them in production factors market and financial market. Socialist market economy must have the things like stock exchange.

(6) What we need is modern market economy, and we must accept market economy as an outstanding achievement in human civilization. We must remember that we are going to build this new system at the turn of century,

and we must strengthen our modern sense. We must learn the culture of market economy from the developed capitalist countries. We must train a large number of talented persons who are very conversant with modern market economy and establish schools for this purpose—schools of market economy.

(7) Expansion of opening up to the outside world and fostering of closer ties with the international market can play a great role in accomplishing the building of the new system of socialist market economy. We must consciously utilize this point.

(8) The building of a new system of socialist market economy is a matter for all of China, and reform in this regard must be carried out in the entire country. China is so big and unbalanced, it is necessary to allow some places to be in the forefront. Many “special” aspects of the special economic zones have been implemented in other places. The change from “special” to “not special” is a process in which the special economic zones demonstrate their experiences to and promote development in other places; it is a contribution by the special economic zones. What we have to consider at this moment is how we can move from “special” to “more special.” In practicing the new system of socialist market economy, we must do well the work in allowing some places to go first, and also do well the work in publicizing their experiences.

(9) The new system of socialist market economy is a very complicated problem. It is a Marxist theory research topic on the one hand, and a practical problem with complicated and rich contents on the other. To properly build this new system and to operate it, we need innovations during practice, and economists must carry out careful, thorough, and concrete research.

(10) In the past, quite a number of people viewed market economy as a capitalist thing. Some of them took the “leftist” position and wrote: “Market economy is to abolish public ownership, and that is to say, to negate the CPC’s leadership and socialist system, to pursue capitalism.” These words were even carried by newspapers. Similar words could be seen in the books which had a large volume of issuance. A viewpoint such as this which has spread such extensively and lasted such persistently will not disappear suddenly, and we must comment on it and discuss it. We must allow them to continue to make this kind of speeches, and let them continue to explain their arguments and the grounds of their arguments, but we should not let their viewpoint run rampant. We must discuss with the persons who hold this type of viewpoint, and clarify the reasons. This is also a type of social duty which economists must fulfill.

#### Economist Views Socialist, Capitalist Systems

HK2207085292 Beijing JINGJI CANKAO BAO  
in Chinese 5 Jul 92 p 4

[“Selected New Views” column by Ma Fengnan (7456 1496 0589): “ZHONGGUO GONGSHANG SHIBAO

Report, 2 May 1992: Xue Muqiao Notes That Socialist System Is Not Only Opponent But Also Successor to Capitalism"]

[Text] Xue Muqiao maintains that the guiding ideology of building socialism with Chinese characteristics is Marx's historical materialism.

When we comment on the right or wrong and gain or loss of any production relationship, we do not judge it by moral criteria, but by whether or not it benefits the rapid development of productive forces. We build socialism with Chinese characteristics because socialism is the most advantageous system for developing China's productive forces and rapidly improving the people's livelihood, and not because certain moral criteria call for us to do so.

Xue Muqiao thinks that we must not merely regard the socialist system as the opponent to the capitalist system, it is also the successor. On this issue, if we only acknowledge its transformation and disregard its succession, we will be out of keeping with dialectical and historical materialism.

Since socialism is the successor to capitalism, it must have something similar to capitalism in its body structure. Every socialist economist must study "On Capital," because many economic laws reflecting the commodity economy and large-scale socialized production under the capitalist system will continue to play a part in socialist society. But, we must not be restricted to "On Capital" and other of Marx's works. We should study his historical materialism, and use this scientific principle and our own socialist practice and experience to creatively probe into new theories on socialism.

With regard to the mutual relationship between socialist and capitalist countries, Xue Muqiao maintains that the necessity of their interdependence and mutual cooperation still exists. The socialist and capitalist countries can trade in the same world market. They cannot be separated economically and, on the contrary, they can invest and carry out economic cooperation on a reciprocal basis. In the considerable time to come, the contention between socialist and capitalist systems will most probably be conducted by competition and conditional cooperation under peaceful coexistence. As long as we carry out reform in the ossified structure of socialism, we will certainly catch up with and even surpass capitalism.

#### Article on Openness of Socialist Economy

HK2307014292 Beijing GUANGMING RIBAO  
in Chinese 22 Jun 92 p 3

[Article by Liu Yongrui (0491 3057 3843), Fang Xiulan (2455 4423 5695), and Yang Nanfang (2799 0589 2455); "On Openness of Socialist Mode of Production"]

[Text] When history entered the ninth decade of the 20th century, the Chinese people launched, under the leadership of Comrade Deng Xiaoping, a round of reform for

the purpose of building socialism with Chinese characteristics through transforming the traditional structure and pattern and participating in world economic activities. The reform, which has lasted for more than 10 years, has brought about tremendous changes in China as the total quantity of productive forces has increased substantially and the people's living standards have been raised greatly. At the same time, it has also strongly rushed against the traditional socioeconomic structure and the traditional lifestyle. When the reform is further developing in depth, some comrades have mixed feelings in their minds as they hope that reform and opening will further advance but also worry that things may move onto the capitalist road. A deep-rooted reason for the appearance of such a contradictory phenomenon was that some theories which were not really in line with socialism had widespread influence and made people feel perplexed when facing the opening characteristic inherent in the genuine socialist mode of production. Therefore, restudying and readjusting the approach to the socialist mode of production as well as its relationship, which is determined by its own functions, with other modes of production, especially the capitalist mode of production, is of special significance.

#### I.

In the development history of the Marxist theory, on the whole, the founders of Marxism did not make systematic analysis of the openness of the socialist mode of production, and they mainly stressed the antithetical relationship between socialism and capitalism. What they did was determined by the social conditions of their times. First, Marx and Engels lived when capitalism was in the ascendant and the whole world economy was a large unified capitalist economy. At that time, the proletariat had just turned itself from a class-for-itself into a class-in-itself, and in no country had the proletariat become a ruling class. Therefore, educating and organizing the proletariat in both ideology and action to launch a full-scale offensive against the bourgeoisie and to shake off capitalist rule was the first and most important task for the proletariat's continuing existence and development. On the contrary, if one harangued the proletarians about socialism needing to learn from capitalism, that would not have been Marxism against that historical background. On the other hand, another major reason why Marx and Engels did not mention the opening character of the socialist mode of production was that they took the simultaneous victory of the proletarian revolution in the major capitalist countries as the precondition for the founding of the socialist mode of production. In such a theoretical framework, the future world would be a world without capitalist countries; commodity-money relations would not exist in the socialist mode of production; the means of production would be solely owned by the whole society; and there would be no division of work in society. Under such conditions, it was natural and reasonable that Marx and Engels did not discuss the characteristic of socialism's opening toward capitalism. As far as Lenin was concerned, he talked a lot about learning from the advanced

experience of capitalism, and he also stood for the adoption of the concessions system, under which mines, factories, and land were leased to foreign capitalists for operation. However, due to various reasons, the concessions system did not make substantial development in practice. Lenin died too early after living as a socialist for just a few years. Stalin and Mao Zedong did not systematically study the opening character of the socialist mode of production. The fundamental reason for this was the fact that apart from being similar to Marx and Engels in shouldering the historical mission of educating and organizing in practice the proletariat in their own countries to overthrow the rule of the exploiting classes and establishing the new system of socialism, they were also faced with the deep hostility of the bourgeoisie and other forces of the exploiting classes at home and abroad against the new-born socialist mode of production and even their desperate counterattacks and armed interferences in the course of directly leading the proletarians and the broad masses of working people to defend and develop the socialist mode of production. The world economy outside the socialist countries became an economic blockade circle aimed at strangling the socialist mode of production. Under those circumstances, although the socialist mode of production had the opening character, the antagonism between socialism and capitalism remained the main aspect of the contradiction as the question of who will win in the aspect of ownership was unsolved. It was then inevitable to stress their antagonism and the principle of independence, self-determination, and self-reliance.

When stressing the antagonism between socialism and capitalism, the revolutionary teachers never meant to simply negate their relationship and negate the opening characteristic of the socialist mode of production. Because this went against the principle of historical materialism, they advocated. When studying the Marxist theory about socialism, we should not only understand their analytic conclusions, but should also study their basic principles and methodology for analyzing things. As for the question about the opening character of the socialist mode of production, we can only resolve it according to our practice in reality by applying the basic principles and methodology of Marxism.

## II.

The openness of the socialist mode of production refers to its ability to absorb and assimilate the cream of civilization in other societies, especially in capitalist society, in the process of being connected with other modes of social production, and to continuously transmit its own civilization to other countries of the world. The openness of the socialist mode of production not only exists inside the system of productive forces, but also exists in the system of the form of social production relations (or form of economic relations). In the former, it is mainly reflected in scientific research, technological development, the development and disposition of production resources, and the development of production equipment. In this aspect, cooperation can

be carried out between a socialist country and a capitalist country, and the two sides can make use of each other. In the latter, it mainly exists in the general ownership structure over the means of production, the operation and management systems, the forms of operation, the systems and forms of labor organization, the systems of market operation, and the functional mechanisms. That is to say, in this system, after the question of ownership over the means of production is thoroughly solved, all concrete economic relations and power relations as well as their forms based on certain relations of operation can completely be shaped according to the law that relations of production must be suited to the development of productive forces and the law that governs mass socialized production so that they can absorb, assimilate, and develop all civilization achievements thriving in human history, especially in modern and contemporary capitalist society and can thus promote the development of productive forces and the socialist economy.

As known to all, the socialist mode of production does not drop from the sky, neither is it a brainchild of any person; instead, it is a natural result when productive forces in society which develop blindly in various periods of human society, especially in the period of capitalism, reach a certain stage. In the process of historical evolution of human society from a low stage to a high stage, some factors in the capitalist mode of production flourish and develop into a system of productive forces with a high degree of socialization; and the economic management system (both macroeconomic and microeconomic) form of operation and market mechanisms related to it directly constitute the factors for the transition of capitalist society to socialist society. These factors are kept in the course of the elimination of the capitalist private ownership by the proletariat, and are transformed into a component part of the socialist mode of production. Apart from the qualitative differences, this part of the socialist mode of production shares the common foundation with capitalism. Thus, the socialist mode of production obtains an inheriting-absorbing function at a level higher than the capitalist mode of production.

The socialist mode of production at the present time has become closer and more inseparable from various parts of the world market. This is because first, various socialist countries have been reforming the traditional system according to the development level of their existing productive forces, going all out to develop the commodity economy, actively fostering the market, introducing the mechanisms of market regulation, and expanding foreign trade. As a result, the socialist economies have in fact become a part of the world economy. Second, since the developing countries which constitute the vast majority of the world won political independence and the East-West cold war ended, various countries have successively started their national economic construction and the developed Western countries have also adopted measures for making substantial economic development. All this has greatly broadened relations in

the world market and forms a major reason for closer relations between countries with different social systems. Third, being promoted by the third scientific and technological revolution, the international division of work has been further developed in depth. As an alien force, the law of the international division of work goes directly against and disintegrates the natural economies and semi-natural economies in the backward countries. Together with the law of value, it regulates the movement and transfer of capital goods and products in the international community. In such circumstances, the socialist mode of production inevitably exists side by side with various non-socialist modes of production in the world market. There is trade between the two sides, which absorb technology and capital from each other and emulate each other's production management art.

The socialist mode of production has the function of assimilating part of the capital [tong hui bu fei zi ben de ji neng 0681 0553 6752 0433 6327 2609 4104 2623 5174]. In the socialist mode of production, society plays the main part in production. In both the aspect of productive forces and the aspect of production relations, its socialization degree is higher than that in the capitalist mode of production, so it is more advanced. Once such differences play a role as factors in reality, the socialist mode of production will acquire another function of assimilating alien forces. On the one hand, it finds expression in turning the foreign capital into funds of the socialist enterprises and combining it directly with workers forming association on their own; on the other hand, it finds expression in the assimilating effects of the labor productive forces (including science and technology) formed after independent foreign capital enters the socialist country, which is turned into an organic component part of the total productive forces in socialist society, and makes contributions to the enhancement of the living standards of proletarians and all working people.

The socialist mode of production has the function of exporting civilization achievements. Modern mass socialized production is the material and technical foundation for socialism, which is a mode of production in which hundreds of millions of working people make creations on their own. Thus, in essence, it includes the possibility of arousing the work enthusiasm and initiative of producers to the maximum, thus providing the broadest room for the development of productive forces. When such possibility is turned into reality in a proper form, the economy of the socialist country will develop by leaps and bounds, and the total quantity of social productive forces will greatly increase. With the increase in economic strength, the socialist country will be involved in the world market and in the competition with capitalism in a wider scope. The forces that support and dominate such behavior are the function and effect of the socialist mode of production in exporting civilization.

### III.

The openness of the socialist mode of production exists objectively, but the degree of its openness is determined by the conditions and shows certain relativity. By carefully studying the history of the socialist mode of production in reality, one may find that factors that affect the degree of its openness are mainly as follows:

First, the world's economic and political pattern. In the period of imperialism and proletarian revolution, capitalism enjoys the absolute superiority in the global sphere, and capitalist countries form the majority. Therefore, the opening of the socialist mode of production is mainly directed to the capitalist countries. Thus, the world's economic and political pattern is the basic factor affecting the degree of socialism's openness. If the capitalist and socialist countries are involved in a state of cold war due to their differences in ideology and in the political system, it is impossible for socialism to open up in the economic, cultural, and other aspects. On the contrary, if peace and development form the main theme in the world, with the termination of cold war (this has come true), the degree of opening up toward the outside world in the socialist mode of production can be increased greatly.

Second, the strength of socialism. The openness of socialism is aimed at strengthening itself. Therefore, its opening must be based on equality and mutual benefit. To meet this requirement, the proletariat or its political party in the socialist country must stably maintain its leading position, and tightly control the lifeline of the national economy in its hands. In addition, it must adopt all methods and measures available after it seizes state power to greatly develop productive forces, increase gross supply in society, and create a labor productivity higher than that in capitalism. Moreover, it should unite and join forces with other socialist countries in the world as well as other countries that support and sympathize with the socialist cause and are willing to conduct economic exchanges on the basis of equality and mutual benefit. When the socialist country gains all these favorable conditions and continuously increases its strength, the openness degree of the socialist mode of production will be further raised.

Third, the reform degree of the socialist mode of production itself. Because the socialist mode of production only has a short history, from the very beginning, it appears as a thorough antithesis of capitalism in the world stage. Openness of the socialist mode of production is only limited to that among socialist countries and a certain quantity of one-way international assistance to the backward nations which are striving for national liberation and national economic development. In order to give full play to the opening function inherent in the socialist mode of production, reform of the economic structure must be carried out in depth. China's historical experience in seeking economic development shows that reform is a prerequisite of opening. Before 1978, being shackled by the old structure, our country was basically

situated in a semi-closed condition. The Third Plenary Session of the 11th CPC Central Committee sounded the clarion call to reform and opening up, and the economic structure from the countryside to cities was then reformed substantially. Through more than 10 years' reform, our country's social productive forces have been developed rapidly, and the living standards of the people have been enhanced greatly. At the same time, the volume of foreign trade has also continuously increased. So far, over \$50 billion of foreign capital has been used. The economy as a whole is vigorously thriving. Practice shows that in China, only by reforming all economic structures that are unsuited to the development of productive forces, boldly opening up, and persistently advancing along the road of building socialism with its own characteristics can we give maximum play to the advantages of socialism.

#### Article on Building Socialist Market Economy

OW2307131792 Shanghai WEN HUI BAO  
in Chinese 15 Jul 92 p 1

[Article by unidentified staff commentator: "Build a Socialist Market Economy"]

[Text] Facing a new century, Shanghai is quickening the pace of reform and opening up. What has drawn worldwide attention is that Shanghai is stepping up its efforts to build a socialist market economy and striving to refine it.

For today's Shanghai, the most important thing to help do away with the old courage and style and to establish new ones is to build and develop a socialist market economy. Since the beginning of 1992, with the enlightenment and encouragement of Comrade Deng Xiaoping's remarks made during his inspection tour of the south, good progress has been made in Shanghai's stock market, real estate market, spot and futures market, domestic and foreign trade market, retail market, as well as its pillar products market, technology market, and labor market. In particular, achievements in the city's financial market, stock market, and real estate market have drawn worldwide attention, providing beneficial experience for building and developing a socialist market economy.

The term "market economy" is not unfamiliar to people of Shanghai. The underlying significance of the reforms in the past decade and more can be summed up as "market-oriented," and the goal of the reforms is to build a socialist market economy system. For a fairly long period, people had tried to avoid using the term "market economy." The reason is simply that people had equated the market economy with capitalism, or were afraid that other people would mistake the market economy as a capitalist tool. Now, Comrade Deng Xiaoping's view that the market economy is not the same as capitalism and that the planned economy is not the same as socialism, which was expressed in his remarks made during his inspection tour of the south,

has deeply taken root in people's minds. In addition, after a decade-plus of reform and opening up, people have gained a better understanding that "the market also exists in socialist countries." Adding a market mechanism to our economic life has injected new life and vitality into our socialist economy and has played a noticeable role in accelerating the country's economic development. Take Shanghai as an example. It is because the city has made breakthroughs in developing a market economy that a new situation has been created in its reform and opening up. Evidently, we no longer have to fear such criticism as "stressing the role of the market is taking the capitalist road"; instead, we should very explicitly and resolutely march toward the socialist market economy, both in theory and in practice.

On the issue of the market economy, people should remember that, as early as 26 November 1979, Comrade Deng Xiaoping, at a meeting with (Gibney), deputy chief editor of U.S. *Encyclopedia Britannica*, said: The allegation that the market economy is only limited to the capitalist market economy and the market economy of capitalist society is definitely incorrect. Why can't the market economy be practiced in socialist countries? The market economy began to spring up in the period of feudal society. The market economy can also be practiced in socialist countries. He also said the method for practicing the socialist market economy is basically similar to the capitalist one, although there are some differences. On several occasions after that meeting, Comrade Deng Xiaoping discussed in detail the relationship between planning and the market, stressing the importance of the market economy and the need to make use of it. And, in his remarks made during his recent inspection tour of the south, he fundamentally negated the traditional idea of using planning and the market as a criterion for differentiating between the nature and attributes of socialism and those of capitalism. This string of Comrade Deng Xiaoping's views has not only enriched and developed the theory for building socialism with Chinese characteristics but has also served as a powerful spiritual force for further emancipating the minds of the vast numbers of cadres and the masses.

Under the traditional system, people were used to looking upon the planned economy as the only way of realizing socialism, as well as the most basic essence and feature of socialism, while ignoring all kinds of corrupt practices in an economic system run entirely on plans and directives. After the idea of "market orientation" was put forward amid the reform, people were again prone to see only the negative effects brought about by spontaneity in the market and often ignored the positive role of the market in encouraging competition among enterprises and promoting economic development. In particular, they failed to recognize the market as a means of disposing of resources and its role in encouraging optimized distribution of resources. Obviously, all these were caused by their one-sided understanding.

Having done comparison and examination based on the accumulated experience of reform over more than a

decade, all of us have now clearly understood that the entire society had been an out-and-out unified factory under the traditional economic system, with the government directly intervening in the operational decision-making of enterprises by exercising unified control over income and expenditure in financial management; carrying out unified procurement and sale in commodity circulation; implementing a system of unified employment and manpower disposal; and so forth. On the one hand, the administrative and competent department were strict patriarchs who controlled the enterprises tightly; on the other hand, they also showed the temperament of a loving father who absorbed all of the enterprises' risks with the state's "big rice bowl." This had given rise to all kinds of malpractices which we need to abolish now. The essence of economic reform lies in replacing the way of disposing resources mainly in accordance with plans and directives, with one based on market mechanisms. The fundamental task of accelerating economic restructuring is to establish a system of socialist market economy as early as possible. A key issue in establishing a new economic system is the need for a correct recognition of questions related to the planned and market economies and the interrelationship between them, and for greater attention to the use of the market in disposing of resources under overall regulation and control by the state. The emphasis on the important, or even dominant, role of the market in disposing of resources is exactly the fundamental meaning of the term "market economy."

A host of facts have showed that the market is an effective means of disposing resources and providing motivation; it allocates scarce goods and materials to the link that will yield maximum returns and brings pressure and motive force to enterprises, by means of competition and the price lever. Moreover, the market also responds sensitively and swiftly to different signals. The traditional system has a vertical network of information flow with information flowing either down from the top or up from the bottom. Through this vertical line, the administrative departments pass down directives to the enterprises and receive production reports and requests from them. This way of information delivery is costly and usually unrealistic. The market economy has a horizontal network of information flow, with information flowing between the enterprises by means of price mechanisms. As price fluctuation is an indicator of production, procurement, and sales activities, the enterprises may carry out their production according to demand. The integration of the systems of information and motivation is an even more important reason behind the relative effectiveness of disposing resources through market regulation. With clearly defined property rights, each and every independent participant in the economy, be it natural or legal person, would proceed from its own interests, enter into agreements with other parties, and coordinate their activities to finally optimize the social utility of resources by putting them to the most efficient use. It is exactly because of these advantages that the positive role of the market in economic development has

been recognized by more and more people in socialist countries who are discarding their old one-sided understanding of and prejudices against the market economy.

Then how should we treat planned guidance? We may say that some comrades, on the basis of the necessity for planned guidance, are doubtful about the existence and development of a market economy. We should note that a "pure market economy" that is without administrative control and intervention has never existed. A modern market economy or commodity economy is, without exception, run by macroeconomic control and administrative directives in a certain form and to a certain extent, or by planned guidance. Therefore, a socialist market economy may also be called a planned market economy as in the case of a socialist commodity economy. Since the Third Plenary Session of the 11th CPC Central Committee, there has been a development process in our understanding of issues concerning planned and market economies and their interrelations. At the 12th CPC National Congress, we talked about establishing a planned economy as the mainstay of our economy and market regulation as the supplement. The "Decision on Economic System Reform" adopted at the Third Plenary Session of the 12th CPC Central Committee put forward a new concept of socialist economy as a planned commodity economy based on public ownership. The 13th CPC National Congress proposed that the system of socialist planned commodity economy be a system for the internal unity of planned and market economies. Since the Fourth Plenary Session of the 13th CPC Central Committee, an economic system and operating mechanism integrating a planned economy and market regulation has been used. Recently, following the study and implementation of Comrade Deng Xiaoping's speeches made during his tour of the south, there has been a new development in people's understanding of the issues concerning planned and market economies as well as the establishment of a new economic system. The proposal to develop a socialist market economy has been increasingly accepted by more people. It has always been the people's understanding that the socialist economy is a planned economy right from the beginning. In establishing a socialist market economic system, it is not possible to reject planned economic system in practice, and we should not discard the theory of such a system. It is normal to follow developmental changes, including discussions on different opinions and concepts. As for such a major issue as planning and market as well as establishing a new economic system, it is even more necessary to have repeated study, repeated implementation, and repeated summarization of the issue, so as to reach a more scientific conclusion. These repeated undertakings are essentially aimed at deepening our understanding of scientific socialism. We may now say that in over 10 years of groping and summarizing domestic and international experiences, we have become more mature in the new socialist economic system, both theoretically and practically. We have also been unified further and may now fully accelerate its implementation.

It is important to possess scientific knowledge as a guide for opinions and a spiritual force for reform and economic development; however, more important issues lie in implementing such knowledge and in ways to overcome difficulties and advance toward the correct goal. When we talk about establishing a socialist market economy, we are faced with the specific tasks on ways to accelerate the formation and growth of the market, to actively and steadily promote price reform, and to accelerate the pace of enterprise reform. If we cannot implement these tasks in a down-to-earth manner, it will only become an "excellent ballad" when we talk about establishing a socialist market economic system, and it will not accelerate the advancement of our undertakings.

Someone in Shanghai's enterprise circles said: "When there was no market, we wanted a market. Now that we have it, we are afraid of it." These remarks show that the creation and development of the market economy was an arduous process. They show that some enterprises in Shanghai which have long been used to the traditional structure are still unable to adapt themselves to the order and rules of the socialist market economy, and they are not able to deal with the pressure of inevitable competition in a market economy or enhance their vigor under pressure. It also shows that some people in our enterprise circles still lack sufficient mental preparations for the socialist market economy, and they do not have the ability to deal with the market system. It hurts to point out these facts, but we must face them squarely so as to deepen and accelerate reform conscientiously, enhance the competitive power of enterprises rapidly in the course of practice, and improve the quality of our entrepreneurs. Since the beginning of 1992, the upsurge of the socialist market economy has pushed a large number of enterprises in Shanghai to the front of market economy, and it has also toughened many entrepreneurs. The present situation is that whoever enters the market first will gain the initiative, create vigor and vitality for the enterprise, and win in the competition. Since there are many, many such examples, we should urge more people to strive to catch up.

Looking at it from another angle, we will see that although it takes some time to create and develop the market, we are not powerless before the market. In the course of developing the market economy, we can control and avoid certain blindness, spontaneity, and negative effects, if we work hard, increase reform, exercise macrocontrol to a proper degree and within proper limits, and use some economic leverage. A commodity economy has two essential elements—a competitive market system and independent enterprises, which assume sole responsibility for their profits and losses. Therefore, in the course of establishing a socialist market economy, a very important task is to accelerate the reform of enterprises, turn them into the main body of the market as soon as possible, and enable them to make operational decisions according to the market situation and to assume full responsibility for any consequences of

their operations. We may say that enterprise reform directly decides the success and failure of the socialist market economy.

It is an unprecedented undertaking to practice a market economy on the basis of socialist public ownership. Over the last decade and more, we have made some successful explorations. Generally speaking, we are still in an initial stage, and it is important for us to practice, explore, and pioneer. On the eve of a new century, Shanghai shoulders an important historic mission. We should create a brand new pattern of development in which planning and market forces coexist, domestic and international markets are connected, the development of Pudong and the construction of areas west of the Huangpu Jiang promote each other, and the creation of a market is integrated with internationalization and modernization. At present, it is necessary for us to do away with misgivings, change ideas, emancipate our minds, make bold explorations, bravely ascend the broad stage of a socialist market economy, and seek a new breakthrough on the road of building socialism with Chinese characteristics.

#### Editorial on Various Aspects of Reform

HK2207125392 Beijing *ZHONGGUO JINGJI TIZHI GAIGE* in Chinese No 5, 23 May 92

[Editorial: "Stick to Key Links, Focus on Implementation"]

[Text] A new trend of expediting reform and opening up has appeared in the country since Comrade Deng Xiaoping made important remarks during an inspection of south China in the spring of this year. Like all fronts throughout the country, the situation in structural reform work in localities is quite gratifying. Comrade Jiang Zemin recently emphatically pointed out that the party and the state had decided the major policies on expediting reform, opening up, and economic construction; now the key is to implement them. A task facing us at present is to stick to key links, focus on implementation, and make new, bigger headway in economic structural reform.

#### Focal Point Is Transforming Enterprise Operational Mechanism, Pace of Enterprise Reform Should Be Speeded Up

Large and medium state enterprises do not have strong vitality or good economic results. This still remains an important factor restricting China's economic development. The party Central Committee and the State Council have stressed time and again the need to actively promote the coordination of all kinds of reforms by taking the transformation of enterprise operational mechanisms and pushing enterprises into the market as the key point. As long as the 30,000 large and medium enterprises in the country are invigorated, China's economy can move a step higher. For this, some practical measures must be taken:

—We should firmly implement the "Enterprise Law" and put into effect in all a comprehensive way the

autonomy provided by the "Enterprise Law" for enterprises to carry out all kinds of production. This is a fundamental guarantee for enterprises to transform their operational mechanism, to move toward the market, and to gradually fulfill the four reform targets of assuming sole responsibility for profits and losses, carrying out independent operations, engaging in self-development, and performing self-restriction. In rural areas, the contract responsibility system on a household basis with remunerations linked to output should remain stabilized for a long time; in the urban areas, what should remain stabilized for a long time during economic structural reform is the reform target, orientation, and policies stipulated by the "Enterprise Law" for enterprises.

According to State Council arrangements for drawing up detailed methods for implementation of the "Enterprises Law," the State Restructuring of the Economic System Commission is cooperating with the relevant departments in busily drafting "Regulations on Transforming the Operational Mechanism of Industrial Enterprises Under Ownership by the Whole People," which will be distributed to the lower levels for trial-implementation in the course of soliciting opinions, after being submitted to the State Council for examination, to speed up the transformation of enterprise operational mechanisms and expedite their move toward the market.

—We should be determined to make a small number of enterprises bankrupt according to law if these enterprises have been unable to carry out proper operations for a long time, have suffered serious losses, have been unable to repay their debts, and do not have any hope of making up their deficits. Correspondingly, we should expedite the reform of the social insurance system with focus on job-awaiting insurance.

—We should resolutely implement on a trial basis the shareholding system, which is a good method to transform enterprise operational mechanisms, to fulfill the four reform targets of enterprises, and to find effective forms of practicing a public-owned economy. It should be experimented with properly according to the spirit of Comrade Deng Xiaoping's remarks. A prominent problem at present is that most shareholding enterprises are not standardized, and there are still problems with the value increments of state assets and the individually oriented nature of distribution. Therefore the most important task at present is to formulate standard methods for implementation on a trial basis of the shareholding system to guide shareholding enterprises in developing better and faster.

#### **Important Economic Relations Should Be Further Straightened Out, Major Efforts Should Be Made To Develop Market System**

In terms of the integration between plan and market, there is a need to further straighten out basic economic relations, particularly to promote price reform. In the

meantime, major efforts should be made to develop the market system and expedite reform of the circulation system.

—Seizing the favorable opportunity in which aggregate supply and demand are basically balanced and there is a buyers' market for many commodities, we should appropriately speed up price reform. Regions possessing the necessary conditions should be allowed to reform the prices of grain and other important agricultural and sideline products ahead of others. The prices of important production materials under the double track system should be suited to changes in market demand and be gradually put into the market orbit, to actively and steadily form a rational price formation mechanism.

—We should make major efforts to foster and develop a market system by taking production materials and the capital market as the main points.

At present, China's surplus purchasing power (citizen deposits and cash on hand) exceeds 1,000 billion yuan. Indirect bank fund accommodation alone cannot meet the need of speeding up national economic development. It is now necessary and possible actively to develop direct fund accommodation and energetically to explore long-term capital markets including all kinds of negotiable securities and stocks. Apart from state-issued bonds, coastal areas with a high degree of openness and fast development should be allowed to issue proper amounts of local bonds and set up local economic development banks.

—We should deepen the reform of the material supply system, state enterprises, supply and marketing cooperatives, and the foreign trade system. In a sense, the pace of circulation system reform has a specially important impact on production enterprises catering to the market, on the entire economic structural reform, and even on the smooth development of the national economy. Therefore on the one hand, enterprises engaged in circulation should make efforts to transform their operational mechanism and learn from and take existing good experience for reference; on the other hand, from the angle of big circulation, we should comprehensively study reform of the commercial, material supply, and foreign trade structures, break departmental restrictions and regional barriers, strengthen relations between industry and commerce (material supply and trade), and create conditions for the formation of a big, unified socialist market.

—We should further straighten out relations between central and local authorities. Now the relevant department is implementing on a trial basis a revenue-sharing system in several provinces and cities. This experiment should proceed on the basis of making a clear distinction of the right to handle matters, and rational programs should be worked out on the basis of summing up experience. Economic relations between central and local authorities should be

straightened out, and their initiative should be brought into play. This is an important target in economic structural reform and a task which must be fulfilled in setting up a new economic structure; it must be carried out without losing any time.

#### **Government Economic Management Functions Should Be Changed, Government Institutional Reform Should Be Promoted**

It is difficult to transform enterprise operational mechanisms without changing government functions. Focusing on how to improve macroeconomic management, how to strengthen indirect regulation and control, and how to improve service and supervision, we should take powerful measures to really transform government economic management functions and reform government methods to manage enterprises. We should make up our minds to reform such shortcomings as overstuffed government organs and low efficiency in administration.

#### **Integrate Reform, Opening Up, and Development, Make Efforts To Do A Good Job in Comprehensive Reform Experiments**

Following the deepening of reform and the widening of opening up, in reform experiments it is necessary to integrate reform, opening up, and development, to make overall plans for them, and to carry them out in coordination. Experiments must develop from a single reform to comprehensive coordination, from medium to big cities, and from a single administrative region to different regions. Beginning this year the State Restructuring of the Economic System Commission will do a good job in carrying out comprehensive reform experiments in a planned way in coordination with reforms in Shanghai, Tianjin, and other big cities; put into effect the relevant policies of the central authorities and the State Council in promoting to a higher level comprehensive reforms and opening up in the three provinces of Guangdong, Fujian, and Hainan; make a success of reforms in the Zhu Jiang delta, the Chang Jiang delta, the southern Fujian delta, and other open economic regions, with focus on developing an export-oriented economy; and actively explore new means of regional economic development characterized by the integration of plan and market in Suzhou, Wuxi, and Changzhou.

If successful, not only will these important comprehensive reform experiments be of much use to the reforms, opening up, and development of these regions, but they will also produce a major impact on the entire country's economic development.

#### **Housing System Reform Should Be Speeded Up, Economic Structural Adjustment Should Be Promoted**

After a few years of housing system reform experiments, all levels of government and people have gradually reached a unanimous understanding on housing reform. Economic development and the improvement in the people's standard of living have helped improve the people's ability to withstand the reform. The State

Council has decided that all localities in the country must introduce housing reform in the next two years. Speeding up housing system reform is a major matter beneficial to the country and the people. We completely have the conditions, and there is also a need to speed up this reform to realize the commercialization of houses as early as possible.

To smoothly fulfill the above-mentioned reform tasks, structural reform commissions at all levels should improve their work style, carry out deep investigation and study, strictly prevent formalism, directly carry out and popularize some major reform experiments after gaining experience; pay attention to training cadres, particularly to training work for reform measures which are unfamiliar to people; improve the ideological and organizational formation of cadres in charge of structural reform, and promptly discover and train talented people, so that structural reform departments at all levels will become effective helpers of the party and the government in the practice of reform and opening up.

#### **Article Calls for Adjustments to Theory**

*HK2407082692 Beijing CHINA DAILY in English  
24 Jul 92 p 4*

[From the "Opinion" page: "When It Comes to Economic Reform, What's In a Name?"]

[Text] Guangdong Province in southern China, which is developing its economy faster than most other parts of the nation, wants to alter its image.

The people of the province have long been regarded as being incapable of "giving names to their children."

The phrase means that they have taken the lead in economic reform but failed to back up their economic success with convincing theoretical analyses.

Actually, the image given to the locals is wrong, said provincial economists and scholars at a forum on the relationship between reform and theoretical research. Economic Information Daily reported.

As early as 1961, the renowned Guangdong-born economist Zhuo Jiong advanced the theory: a socialist economy is a planned marked economy.

That is an appropriate "name," as it has been accepted by top policymakers, the paper said.

Some scholars tried to explain the locals' reluctance to "give names" to their economic activities.

Giving no names is believed to save a lot of trouble, because new names may generate rounds of debate, the scholars said.

At the initial stage of establishing special economic zones in the province, for example, the "new babies" did evoke much controversy focussing on their character—socialist or capitalist.

Some Chinese theorists have said the preparations for the economic reform were inadequate on the theoretical level.

The economists and scholars at the forum deemed it as a priority.

Without practice there would be no theory, they said. The late Chairman Mao Zedong's military theory did not exist before the civil wars (1927-1939 and 1945-1949) between the Communist-led troops and the Kuomintang army, and the War of Resistance against Japan (1937-1945). Mao advanced and consummated his theory during the wars. The theory can also be applied to new battles.

Chinese scholars had advanced a series of new theories based on the systematic analysis of problems prior to the economic reform, embracing the theory of socialism with Chinese characteristics, of socialism in its initial stage, and of a socialist market economy. The theories, the article said, have paved the way for economic reform.

The on-going economic reform calls for making adjustments to theoretical research, according to the article.

Tertiary industry was once labelled as a non-productive business in China. As a result, the increase in employees in the industry represented the parasitic and decadent aspects of capitalism.

Such a biased attitude toward the industry has handicapped its development in China.

The article commented, "Thus it can be seen, error on the theoretical plane can pose a threat to practice."

Fortunately, the Chinese central government is beginning to correct the deviation in its policy and invest great effort in promoting the development of tertiary industry.

According to the article, it is time for Chinese theorists to handle new problems in the period of reform in a different light rather than judge new things by old standards.

In villages on the Pearl River Delta, farmers "invented" a shareholding co-operative system. The shareholding system was once labelled "capitalist" while the co-operative system was dubbed "socialist."

Now, the "new baby," which combines the two, has proved practical, as it best meets the demand of local economies.

How do we deal with these new things in the period of reform?

To "strangle them in the cradle" according to old theory or realize and fashion them?

Vital new things can hardly be strangled, the article said, since smothering can hinder socio-economic development.

The ups and downs of the household contract responsibility system in rural China turned out to be an exemplar.

In rural China, farmland is collectively owned. Under this system, a household can sign a contract for farmland with the village-based collective organization.

The contract defines the duties of the contracting household, such as selling a fixed quota of grain to the State and handing in a certain amount of profit to the village. The village supports the contracting household with the latest information about agricultural technology.

Farmers can grow crops according to local conditions or the State plan, and sell the rest of their yield within the framework of State regulations.

The household contract responsibility system was introduced in rural China in the mid-1950s. However, it was criticized and "cut as the tail of capitalism."

After two decades, the system reappeared in the countryside and fired the enthusiasm of farmers.

The kernel of the Marxist theory can still suit the present situation in China. But some parts of the theory are out of date.

At this juncture, the crux of the matter is how to apply Marxist theory in accordance with the nation's reality.

Economists and scholars at the forum called for making theoretical breakthroughs to deal with new problems in the modern age when solutions cannot be found in Marxist theory.

A new theory of socialism should be established according to the economic construction with Chinese characteristics.

"This will uphold Marxist theory instead of running counter to it," the article commented.

#### Shenzhen Issues Regulations on Land Use, Rights

HK2207093092 Beijing CHINA DAILY in English  
22 Jul 92 p 2

[By staff reporter Li Zhuoyan: "Shenzhen Regulates Land Use"]

[Text] Shenzhen—Shenzhen, one of China's five special economic zones, is doing its utmost to seek a stable and rational land and real estate market.

One of its efforts is the Regulations on Leasing of Land-use Rights, passed recently by the local government.

The regulations, expected to bring better order to the land market in the zone, detail the legal procedures of land leasing in different ways including negotiating, inviting bids, and auctioning.

Land-leasing will be controlled by the local State Land Planning Bureau. It draws up the yearly land supply plan, which stipulates the amount, time, and fashion of land-leasing and also the use and rent of the land to be leased.

According to the regulations, the terms of the leased land differ for different uses.

For industry, commerce, service trade, and tourist industry it will be 30 years; for residential and office building construction, education, science and technology, medical and health care development it will be 50 years, while for farming, and animal husbandry it will be only 20 years.

The regulations provide that enterprises, organizations, and individuals from both home and abroad can lease land in Shenzhen.

Punishment for illegal selling of land-use rights is also made clear in the regulations.

Another effort of the city government is to take measures to control the surging prices of commercial housing.

"The surging of commercial housing prices has greatly surpassed the economic growth of the city and affected the investment environment and the people's life," said Lu Shenghai, head of the Shenzhen State Land Planning Bureau.

At present, prices for commercial residence sold as homes had reached 3,000 yuan (\$555) to 8,500 yuan (\$1,574) a square metre, and those sold abroad were between 5,000 Hong Kong dollars (\$649) to HK\$12,000 (\$1,558) a square metre.

Although the city had supplied a large amount of commercial housing to the market in the past few years, supply still fell short of demand.

Last year, the city's 103 land and real estate development companies completed more than 6.1 million square metres of commercial apartments, with 5.5 million square metres already bought.

Of the 4.2 million square metres being built now, about 1.6 million square metres were bought in advance.

Investors' increasing confidence of a promising future in the city and the influence of the high prices of real estate in Hong Kong were two key reasons for the expanding real estate market in Shenzhen, Lu said.

Meanwhile, to ensure the improvement of housing for city residents, the government was attaching great importance to the construction of more public welfare and low-profit commercial housing, which were sold to local buyers at prices about a quarter or one-third of the market price.

### Movable Property Auctions Viewed

HK2307062492 Beijing FAZHI RIBAO  
in Chinese 17 Jun 92 p 1

[By reporter Zheng Hanjin (6774 3352 3866): "Auction of Movable Property Conducted More and More Frequently in Shenzhen"]

[Text] The Shenzhen City Movable Property Auction House came into being to cater to the needs of reform. From the foundation date of 26 June 1991 to the end of the same year, it signed and agreed to handle 120 contracts in which it was entrusted to auction specified properties; auctioned off, in base price, 35 million yuan worth of properties; and held 17 movable property auction days (three of which were conducted on the spot), achieving a transaction volume of 20 million yuan and a total value increase of 4.76 million yuan through bidding. At present, with its turnover exceeding the total turnover of auction business in the three municipalities—Beijing, Tianjin, and Shanghai—this auction house is increasingly manifesting its special status and important role in the commodity economic market system and the related operating mechanism.

The Shenzhen City Movable Property Auction House is an institution directly under the city government. Being systematically managed, it implements a system in which the general manager assumes responsibility under the leadership of a supervisory board. The supervisory board is composed of nine units, namely, units in charge of industrial and commercial affairs, the legal system, finances, taxation, public security, border defense, courts, culture, and customs. Daily routines are administered by the Shenzhen City Industrial and Commercial Bureau, and working personnel are openly recruited from all over the country. Acting in accordance with the "Interim Regulation Concerning the Auction of Movable Property in Shenzhen," this auction house applies the form of contracted trust to run three categories of auction business: mandatory trust, trust by agreement, and voluntary trust; auctioning all movable properties except those placed under a ban for sale by state law. Auctioned properties are largely materials seized and confiscated by Shenzhen law enforcement departments, which are in charge of customs, public security, border defense, and industrial and commercial affairs; articles forced to be sold because of judicial acts or arbitration made by courts and arbitration organs; and pledges which must be disposed of by banking institutions and auctioned properties voluntarily entrusted by organs, groups, enterprises, economic organizations, and citizens.

Despite being founded only a year ago, the Shenzhen City Movable Property Auction House is increasingly displaying its superiority. First, it makes for the administration of state-owned assets and provides an effective channel to put state-owned assets, such as seized and confiscated materials and unclaimed properties, into

normal commodity circulation or the domain of consumption. According to statistics, in six months, the transaction volume of seized and confiscated properties being auctioned in Shenzhen alone was 13.8 million yuan. Through open bidding, a total value increase of 2.36 million yuan, an average growth rate of 20 percent, was registered. Second, it makes for the building of clean government. There has been a wide price gap between seized and confiscated materials and commodities sold in domestic markets, and it would engender an unhealthy tendency if matters were mishandled. However, open auction helps block up the channel whereby officials abuse their power for selfish interests. Third, difficulties in implementing judicial arbitration on pledging movable properties have been solved, which makes for the development of businesses related to movable property pledges. Fourth, it provides a channel to handle, through auction, enterprise bankruptcy and transfer of property rights in a more scientific manner and makes for the implementation of the "Bankruptcy Law."

#### Commentator's Article

HK2307065092 Beijing FAZHI RIBAO  
in Chinese 17 Jun 92 p 1

[Commentator's article: "Successful Attempt"]

[Text] The successful movable property auctions in Shenzhen Special Economic Region is a useful reference for various areas in the country. Recently, leading State Council cadres held a special work meeting to discuss the movable property auction issue and affirmed Shenzhen's practice, indicating that the development of movable property auctions is important in perfecting the administration of state-owned assets and in fostering the building of clean government.

To develop a socialist commodity economy, we must work in accordance with economic laws. The reason the movable property auction is workable and can persist in a market system and its operating mechanism is that it can manifest the legal principles of openness, fairness, and impartiality, which helps regulate all parties' interests. Of course, we must also notice that movable property auction is at an elementary stage in our country and has to develop and make progress. Problems arising in the development process should be regulated by legal means to help bring about solutions. What has to be specifically pointed out is that administration in accordance with the law is not to impose rigid rules but to help develop a socialist society's productive forces, enhance our country's overall national strength, and improve the people's living standard. Hence, seeking truth from facts and carrying on good practices while redressing abuses should be an important principle for legal regulation.

Movable property auctions touch a string of legal issues, such as contract administration, transfer of property rights, fair bidding in auction, and repayment of debts. Again, the movable property auction is related to other

legal norms since its area of auction covers different markets (for example, the intellectual property right exchange market). Hence, it is necessary to pay attention to the development of a good legal system and speedy legislation of a nationwide profession of movable property auction while developing movable property auction businesses. Moreover, apart from suiting measures to local conditions, we must give play to functions of local laws and regulations, thus enabling our country's movable property auction profession to conduct business in conformity with the law as soon as possible.

#### Hu Qili Heads Ministry Group for New Pudong Zone

OW2307133492 Shanghai People's Radio Network  
in Mandarin 2300 GMT 22 Jul 92

[From the "Morning News" program]

[Text] According to a seminar on the development and construction of Pudong by the machine-building and electronics industry, the Ministry of Machine-Building and Electronics Industry will join forces with some provinces, municipalities, machine-building and electronics departments and bureaus, and enterprise groups in establishing a machine-building and electronics industrial development zone in Pudong. The seminar was held by the Ministry of Machine-Building and Electronics Industry in the municipality yesterday. The zone will be technologically developed, advanced in terms of product quality, operationally diverse, broadly market-based, and multifunctional.

He Guangyuan, minister of the Ministry of Machine-Building and Electronics Industry, and Huang Ju, mayor of Shanghai Municipality, attended and addressed the seminar. Other participants included Hu Qili and Bao Xuding, vice ministers of the Ministry of Machine-Building and Electronics Industry, and responsible persons from the machine-building and electronics industry in 46 provinces, municipalities, autonomous regions, and cities with provincial-level economic decision-making powers throughout the country.

Minister He Guangyuan said: The Ministry of Machine-Building and Electronics Industry has created a leading group in charge of the development of Pudong as a means of systematically marshaling forces throughout the industry to aid in the development and construction of Pudong. The group is led by Vice Ministers Hu Qili and Bao Xuding, respectively as head and deputy head.

Mayor Huang Ju warmly welcomed the Ministry of Machine-Building and Electronics Industry's decision to participate in the development of Pudong, signaling his intention of welcoming development and calling for providing good service, exploiting strengths and avoiding weaknesses, and seeking common prosperity.

It is understood that the development zone to be established by the Ministry of Machine-Building and Electronics Industry will consist of four centers and one base. The four centers will be devoted to scientific research,

development, and exchange; management and marketing; international trade; and real estate development. The advanced and export-oriented base will be responsible for development and production.

The Ministry of Machine-Building and Electronics Industry has decided to build, in installments, 10 special subdistricts on the production base according to product categories. Moreover, it has decided to set up two corporations in Pudong—the Pudong Development Industrial Corporation, China's Machine-Building and Electronics Industry and the Pudong Development Industrial Corporation, China's Electronics Industry. [names of companies as heard]

### **Wang Bingqian Speaks at Financial Conference**

*OW2407115392 Beijing XINHUA Domestic Service  
in Chinese 1131 GMT 23 Jul 92*

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 23 Jul (XINHUA)—State Councillor and Finance Minister Wang Bingqian said here today that, in the 1990's, financial departments must, through reforming themselves and carrying out supporting reforms, continue to liberate and develop productive forces, improve economic efficiency, rationalize allotments, build up fiscal strength, and intensify the state's macroscopic regulation and control over fiscal matters so that operating mechanisms compatible with the development of a socialist commodity economy can take shape, and a balanced, stable, and efficient financial system can be established. He said every effort must be made to achieve a fundamental change for the better in the state's financial situation.

Addressing the national financial conference which opened here today, Wang Bingqian pointed out: To achieve this goal, financial reform and development will from now on be focused on establishing scientific and normal mechanisms governing financial operations, on improving the functions of financial authorities, and on developing the economy while reinvigorating the financial situation. He said: From now on financial authorities should give priority to participating in making macroscopic economic decisions, to drawing up and executing financial strategies, to studying and controlling allotment policies, and to balancing the state budget as well as balancing financial resources in society. While exercising their supervisory duties, he said, financial authorities should use economic, legal, and necessary administrative means to ensure the realization of macroscopic financial objectives and should not directly intervene in enterprises' production, operations, and management.

Commenting on the execution of this year's budget, Wang Bingqian said: Because of the fast growth in various economic sectors, the situation of the state's receipt and payment during the first half of the year was better than that of last year. Compared with the same period last year and calculated in terms of comparable

items, the domestic revenues of the first six months increased 9.9 percent, reaching 162.2 billion yuan, or 43.8 percent of the annual fiscal target; and domestic expenditures increased 11.8 percent, reaching 143.9 billion yuan, or 36.8 percent of the budget. Compared against the figures of the same period last year, the balance this year was larger; this is primarily because of the revenue from floating treasury bonds. When these revenues are divided according to requirements of double-entry budgets, during the first six months of this year, the regular budgetary income was 141.9 billion yuan, and the above-the-line expenditure was 104.3 billion yuan; budgetary revenue from construction projects was 57.8 billion yuan (including the transfer of surplus from operation budget), and budgetary expenditures for construction projects was 39.54 billion yuan. He added: We should also realize, however, that many special factors contributed to the revenue growth during the first half of the year, and that we must attend to certain problems in executing the budget, such as slow improvements in economic performance, excessive growth in certain expenditures, continuous increases in enterprises' tax defaults, rapid increase in institutional purchases, and growing arrears.

In view of these problems, Wang Bingqian pointed out at the conference that the nation cannot afford to be optimistic with this year's financial situation and that these financial problems should not be treated lightly. He urged all financial and taxation departments to take effective measures to push enterprises to improve their economic efficiency, intensify tax collection and management, and exercise strict control over all forms of expenditures so that the budget plan of the state this year can be fulfilled. In particular, Wang Bingqian urged financial and taxation departments to seize the current opportunities to promote national economic development in all fields, saying that they should give priority to supporting agricultural production, render active assistance to the development of key projects urgently needed by the state, and increase investments in scientific and technological development.

### **Article on Striving for 'High Economic Growth'**

*HK2307091692 Beijing JINGJI RIBAO  
in Chinese 20 Jun 92 p 2*

[Article by Du Rensheng (2629 3387 3932), of Agriculture Ministry Rural Economic Research Center: "Attention Must Be Paid To Solving Several Problems Before High Growth Is Achieved"]

[Text] The 1990's must be a decade in which China prepares for an economic take-off. The assumption of faster economic growth was advanced by Comrade Deng Xiaoping, chief designer of China's reform, in very good time. The situation at home and abroad requires us, and it is also possible for us, to actively achieve high economic growth. We should strive for faster economic growth if conditions permit and not necessarily adhere rigidly to the 6 percent growth rate. Events in the last 10

years or so have proved that we failed to adequately estimate the new historical conditions created by the policies of reform and opening up to the outside world for economic development. It is precisely because of this that we should consider regarding it as the most important factor to deepen economic structural reform. If we pursue high speed under the framework of the old or dual structure, problems will still emerge, such as high costs and poor efficiency, even though the previously set economic growth rates are achieved. Therefore, to establish a new socialist commodity economic structure as soon as possible and create conditions for faster reform, it is permissible to sacrifice some speed in a particular year and for different localities to progress at different rates. Once the new structure has been established, which serves as a prerequisite, high economic growth will have a reliable foundation.

Specifically, attention should be paid to solving the following problems:

First, a market mechanism should be established and improved as quickly as possible. To promote the transition from the simple commodity economy to a developed commodity economy, great importance should be attached to the market mechanism's role. Improving the market mechanism will help solve fairly satisfactorily the problem of rebuilding the government's macroeconomic management structure and the state-owned enterprises' microeconomic foundation, provide a more powerful dynamic force for economic growth, and particularly help accelerate technological progress and promote China's economy to take off by getting involved in world economic competition and utilizing international market demands. Reform practice over the last 10 years or so shows that the adoption of a market mechanism has promoted China's economy to thrive and prosper. A locality with a comparatively sound and perfect market mechanism can achieve greater, faster, better, and more economical results in its development.

Second, conditions should be created for a free flow of production elements. To rapidly develop the economy, it is far from enough just to establish and develop a product market and promote product circulation. Efforts should also be made to fully develop the market for production elements, such as funds, labor, and technology. In this way, resources can be effectively employed. Otherwise, by pursuing high growth, we cannot effectively regulate and make use of the existing assets. This being the case, high speed can be maintained just by relying on large amounts of additional inputs, whose efficiency is too poor. This kind of high speed cannot last long and can be checked by the precipitation [chen dian 3089 3244] of the newly invested funds or by the excessively poor output efficiency. Moreover, it is very difficult to break away from the excessive economic cyclical fluctuations.

Third, a good job should be done in service facilities and institutions open to public use, which include roads, transportation, posts and telecommunications, and other

public facilities as well as financial, commercial, and service institutions. We should invest, develop, and reform in advance these "vanguards" of modern economic development. Otherwise, funds, labor, and technology, which should have been invested, will be left unused or wasted. Service facilities and institutions open to public use can play a role in reducing trading fees and the cost of economic operation.

Fourth, the peasants' income should be further boosted. By the end of this century, China will have 1 billion peasants, who will constitute an absolute majority of the nation's population. If their income grows slowly or tends to stagnate, the goals of per capita GNP and a well-to-do standard of living will not be achieved even though China's GNP is quadrupled. Therefore, boosting the peasants' income is the second-step strategic goal and part and parcel of the drive to quicken the pace of economic development, as one may well say.

To solve this problem satisfactorily, first of all, we should rely on transforming the agricultural cultivation structure, updating the ways of employing agricultural resources, reforming the circulation structure, improving the efficiency of agricultural output, and boosting the peasants' incomes. However, these measures alone are not enough to thoroughly solve the problem. What is most crucial and most difficult is that we should rely on further developing industry and the tertiary industry to provide jobs to surplus rural labor. Currently, rural labor is about 50 percent superfluous. If this rural labor portion is shifted to nonfarming sectors, the division of labor in agriculture is based on specialization, and intensive farming is carried out, the peasants' income will rapidly increase greatly. We should not excessively hope that the state will hike grain prices by a wide margin, because the prices of farm products can be appropriately raised along with the increases in the prices of goods invested in agriculture. Therefore, to boost the peasants' incomes, it is necessary to try to find ways of raising labor productivity and land output and strengthen the peasants' position in exchange of goods between the city and countryside. Now there is hardly any difference between our grain price and the world's. In the days to come, if we accede to the GATT, we should liberalize our prices and strive to maintain and sharpen our own competitiveness to expand our share in international markets. Since the prices of farm products other than grain is linked to grain prices, grain prices should not be excessively hiked. This being the case, from a long-term point of view, the employment structure in industry and agriculture should be reformed to absorb surplus rural labor and achieve high growth. In the days ahead, it is imperative to "go to all lengths," energetically develop township and town enterprises and the tertiary industry, build a batch of small cities and towns, and ensure that the distribution of township and town enterprises is relatively centralized and conditions for urbanization should be used to continuously improve efficiency.

On the one hand, township and town enterprises can provide job opportunities to the peasants, boost their

incomes, and expand the capacity of domestic markets and on the other, by relying on their superiority in comparative cost, they can enter international markets with their products and earn foreign exchange. They are of great benefit to China's economic prosperity and, therefore, for no reason should they be underestimated and still less discriminated against.

In short, we should learn to make use of the mutual encouragement effect of reform and opening up on the one hand and economic development on the other and lose no time to achieve better and faster results in carrying out the socialist cause.

#### State Planning Commission on Industrial Policy Role

HK2207084492 Hong Kong CHING CHI TAO PAO  
in Chinese No 27, 13 Jul 92 p 23

[From the "China Economic News" column: "State Planning Commission Defines Principle of Using Industrial Policy To Guide Economic Activities"]

[Text] The State Planning Commission recently laid down the principle of using industrial policy to guide economic activities:

1. Persist in deepening reform by invigorating the micro-economy further and at the same time, doing a good job in macroeconomic management and giving full play to the market mechanism.

2. The focus of state regulation, control, and guidance are major products related to the national economy and the people's livelihood, while the bulk of ordinary products will be regulated by the market and subject to a competition which will eliminate the mediocre and allow the survival of the best.

3. Based on the current supply and demand situation, and on the direction and requirements in the readjustment of the industrial structure, an encouragement policy should be continued with regards the infrastructure industry as well as major new and high technological industries. For products whose production capacity clearly exceeds the market demands and where repetition occurs easily, distinctions should be made to avoid willful growth.

#### Commentator on Implementation of 'Revenue Sharing'

HK2207101592 Beijing JINGJI RIBAO  
in Chinese 20 Jun 92 p 1

[Commentator's article: "New Breakthrough in Financial Reform"]

[Text] The curtain was finally up for the implementation of the "revenue-sharing system," which had been in the works for many years in financial management system reform. This is an internationally applicable financial management system which separates central revenue sources from local revenue sources according to tax categories. In the orbit of socialist commodity economic

development, it indicates an important step forward in China's financial management work.

A financial management system is a basic system for various levels of government to differentiate between their financial obligations and resources. It not only involves different aspects of interest distribution, but also has a direct impact on the economic activities of various levels of government. Therefore how scientifically to determine a financial management system so as to bring into better play central and local initiative is a major matter in China's economic life. It is also an important component of China's economic structural reform.

Since the introduction of reform and opening up, China's financial management system has experienced a process of incessant explorations and reforms. In 1980, as a breakthrough point in the entire economic structural reform, financial reform took the lead in breaking the highly centralized management pattern under which revenue and expenditure were under state control. A financial management system of "serving meals to different diners from different pots" was practiced. During this reform, "serving meals to different diners from the same pot" was changed to "serving meals to different diners from different pots"; departmental distribution of financial resources became localities independently arranging their financial resources; division of revenue and expenditure and percentage retention of revenue (subsidies) were fixed once in five years instead of every year as practiced in the past. This was a major structural reform in China's history. In 1985, on the basis of summing up previous reform experience, a reform program was proposed on "dividing tax categories, assessing revenue and expenditure, and holding all responsible for balancing their budgets." We should say this was the embryonic form of the "revenue-sharing system." But restricted by the then objective conditions, what actually remained in practice was percentage retention of gross revenue. In 1988, due to changes in the then objective economic conditions, the state practiced different kinds of contract methods in regions which were required to submit their revenues.

In comparison with previous structures, the "revenue-sharing system" is a method more scientific and standardized and more suitable for the objective need of commodity economic development. First, the essence of dividing revenue sources according to tax categories is differentiation among tax sources. In other words, "grain" distribution becomes "land" distribution and the amount of benefit from a revenue increase entirely depends on the expansion of tax sources and taxation management. Obviously, this method is more beneficial to mobilizing central and local initiative. Second, by turning the three major taxes on enterprise production, value increments, and operations into commonly shared taxes, we can take better account of central and local initiatives, weaken blind development in localities, and put into effect the benefit drive [li yi qu dong 0448 4135 7517 0520] of local protection policies. This is beneficial

to the development and improvement of the unified socialist market. Third, the "revenue-sharing system" has defined the income tax of local state-run enterprises, collective enterprises, and local joint ventures as fixed local revenue. This is conducive to encouraging local governments to care about enterprise operations and management and good for improving economic results. In addition, the new system also gives appropriate consideration to ethnic regions in light of their specific conditions.

We should point out that the "revenue-sharing system" is still in a trial-implementation period and the conditions for implementation of this system need to be improved. Therefore, like all other reforms, this reform will inevitably encounter some difficulties and problems during its trial-implementation. But as long as the reform orientation is correct and is beneficial to the establishment of a new management mechanism, we should firmly continue the steps we have taken and constantly improve this system in practice.

#### Column Notes New Ideas in Price Reform

HK2207083692 Hong Kong CHING CHI TAO PAO  
in Chinese No 27, 13 Jul 92 p 23

[From the "China Economic News" column: "New Ideas in Price Reform"]

[Text] The new idea in China's price reform is as follows: push enterprises toward the market and gradually reduce the scope of state-dictated prices. The general principle is for the state to manage commodity prices and service charges which are related to the preservation of monopolies [bao lui long duan xing 0202 3966 1096 2451 1840], public utility, welfare, and protection of resources, while controls over the remaining prices will be lifted gradually. This was the information revealed recently by a person in charge of the State Bureau of Commodity Prices.

This person also pointed out: At present, prices under direct state control remain numerous, especially for the means of industrial production where state-dictated prices account for more than 44 percent. This kind of situation will be changed gradually.

Prices which will continue to be determined by the state are in the following areas: transportation fares such as railway, civil aviation, and marine transport; energy prices such as petroleum, coal, and electric power; urban public utility charges such as underground railway, public transportation, water, and coal for civilian use; administrative charges levied by government departments; prices of major agricultural products such as grains and cotton; and prices related to resources such as minerals and forestry products.

#### Industrial Strengths of Various Regions Assessed

HK2307023492 Hong Kong CHING CHI TAO PAO  
in Chinese No 28, 20 Jul 92 p 18

[From "China Economic News" column: "Distribution of Industrial Strengths for Various Provinces, Cities, and Regions Around the Country"]

[Text] The results of the latest State Planning Commission Investment Research Center study, "The Distribution of Industrial Strengths for the 28 Provinces (Cities, Regions) of China," raised the following proposals concerning the industrial distribution for the country's economic development in the 1990's:

All provinces and regions should give priority to the development of local industries which enjoy an advantage in terms of efficiency. From the macroeconomic point of view, the western regions should further expand their production of primary products, with the sectors enjoying relative advantage arranged in the following descending order: mining and exploitation (oil and gas exploitation, mining of nonferrous metals), energy (hydroelectric power), and the smelting of nonferrous metals as part of the raw materials industry. The advantages enjoyed by these industries will rapidly turn into disadvantages once the depth of processing is extended. The departments with relative advantage in the regions of central China arranged in descending order are as follows: energy (power, refining of coking coal), mining and exploitation (coal mining, mining of nonferrous metals, and logging), and raw materials (smelting of nonferrous metals, construction materials). The departments with relative advantages in the east arranged in descending order are: machinery and electronics, light processing industry (garments, textile, leather, and other light industries), raw materials (chemical industry, smelting of ferrous metals), and energy (oil processing industry).

#### Six Provinces Outline Development Strategy

HK2207083492 Hong Kong CHING CHI TAO PAO  
in Chinese No 27, 13 Jul 92 p 22

[From the "China Economic News" column: "Six Provinces in Central China Outline Five Major Strategic Focal Points"]

[Text] A study on development strategies was launched by the development research center of the six provincial governments of Henan, Hunan, Hubei, Jiangxi, Shanxi, and Anhui, with phase by phase results already determined. A development strategy to revive central China was first outlined, that is, "open up the regions along the rivers and the borderline, let science and technology take the lead, complement one another's strengths, transform functions, and strive for rejuvenation." The following five major strategic focal points were also presented: Commodity agriculture focused on high quality, high efficiency, and high yield; raw material and energy industries focused on coal, electric power, metallurgy,

and construction materials; processing industry whose principal feature is to raise the depth in the processing and exploitation of resources and whose focus lies in electromechanics, petrochemical, foodstuffs, and textiles; new and high technological industry represented by biological engineering, microelectronics, optic fiber, and new materials; transportation, transport, and communication industries focused on bolstering the functions of the hubs of communications in the central region.

#### **Nationwide Pension Insurance for Rural Areas**

*OW2307023392 Beijing XINHUA in English  
0208 GMT 23 Jul 92*

[Text] Nanjing, July, 23 (XINHUA)—The government is to establish a nationwide pension insurance scheme, according to the Vice-Minister in Charge of Civil Affairs, Chen Hong.

He said at the recent Jiangsu Provincial conference on rural insurance held in Nanjing that in the coming years rural Chinese will no longer have to worry about their retirement.

Rural pension insurance is one of the targets set by the government to deepen reforms in the country, said Chen.

Funds for pension insurance will be raised from three sources—the farmers, the collectives and the state, with individuals paying the majority.

According to official sources, rural pension insurance has been tried in over 700 counties of 29 provinces, autonomous regions and municipalities under the direction of the central administration.

About four million farmers have participated so far in the pension insurance scheme and contributed almost 300 million yuan (about 54.5 million U.S. dollars).

Many local governments have worked out special policies and regulations to improve the system.

In 1986 China started its efforts to set up a new pension system in the countryside following the fast development of the economy and labor structure.

Sources from the conference said that East China's Jiangsu Province has taken the lead in forming the new pension system in its rural regions.

#### **Drought Affects 14 Million in North**

*OW2307225392 Beijing XINHUA in English  
1534 GMT 23 Jul 92*

[Text] Beijing, July 23 (XINHUA)—About 14 million people are still affected by a water shortage caused by severe drought in northern China in spite of some rains in recent days, a government official said today.

The official from the state drought relief office said that more than 23 million people have been mobilized to battle against the drought by pumping water from over 1 million wells.

He said that recent rains has relieved a third of the drought area in Henan, Shandong, Jiangsu, Shaanxi, Shanxi, Jilin, Liaoning and Heilongjiang Provinces.

However, statistics recorded by July 22 showed that there are still 12 million hectares affected by the drought and 25 million head of livestock short of water.

The drought areas are mainly in the southern part of Hebei Province, western Heilongjiang and the northern part of Shaanxi Province, the official said.

### East Region

#### New, High Technology Zone Established in Hefei

OW2307022892 Beijing XINHUA in English  
0159 GMT 23 Jul 92

[Text] Hefei, July 23 (XINHUA)—The Hefei State New and High Technology Industry Development Zone was officially established today in this capital city of East China's Anhui Province.

Its opening brings to 27 the number of new and high technology development zones at the state level approved by the State Science and Technology Commission.

Construction for the zone started in October 1990.

Currently the zone accommodates 73 enterprises, including 27 new and high technology enterprises and eight overseas-funded enterprises.

All the standard workshops with a total floor space of 17,572 square meters have been sold out.

Construction of basic facilities is still going on.

The zone has designated a special area for foreign investors and leased land to foreign businessmen for development.

#### Anhui's Market Construction Develops Rapidly

OW2307092592 Beijing XINHUA Domestic Service  
in Chinese 0540 GMT 23 Jul 92

[By correspondent Zhang Bin (1728 2430) and reporter Ma Changqing (7456 1603 7230)]

[Text] Hefei, 23 Jul (XINHUA)—Anhui Province invested a total of 41.2 million yuan to build, rebuild, or expand 105 markets with a total area of more than 320,000 square meters in the first half of this year. This has significantly promoted development and improved the quality of country trade fairs in the province. A new pattern of "unified planning and management by the government and expanding markets in various localities" has been formed.

According to a statistical report, during the first half of this year, the total amount of transactions of those markets reached 5.95 billion yuan, increasing by 11 percent over that in the same period last year; however, the total value of those markets in the province only increased by less than 2 percent over that of the same period last year.

#### Anhui Industrial Production Enters New Stage

OW2207123792 Beijing XINHUA in English  
0959 GMT 22 Jul 92

[Text] Hefei, July 22 (XINHUA)—Industrial production in east China's Anhui Province has entered a new stage of development after a period of recovery from last year's flood disaster.

In the first six months of this year the economic situation in the province has turned for the better. Industrial enterprises at or above the township level in the province achieved an output value of 35.9 billion yuan. Sales income covered by the provincial budget was 4.24 percentage points higher, while profits and taxation receipts increased by 16.4 percent.

More than 600 factories have changed their management methods and the province's export volume has increased. It has approved 121 foreign-funded enterprises this year.

During the January-June period taxes and profits of the large and medium-sized enterprises in the province increased by 45 percent.

#### Shandong's Zhao Zhihao Meets Taiwan Group

SK2207101392 Jinan Shandong People's Radio  
Network in Mandarin 2300 GMT 21 Jul 92

[Text] Provincial Governor Zhao Zhihao cordially met with a 17-member cultural, educational, scientific, and technological delegation from the Qilu Cultural and Economic Association of Taiwan led by Mr. (Yu Zhongxian) at Jinan's Nanjiao Guesthouse on the afternoon of 21 July. Governor Zhao Zhihao welcomed Mr. (Yu Zhongxian) and his party on their home visit. He said: The Qilu Cultural and Economic Association of Taiwan sent two home-visiting groups soon after its founding. This fully showed their deep affection and concern for their hometown.

Governor Zhao Zhihao introduced Shandong's reform, opening up, and economic development to Mr. (Yu Zhongxian) and his party and urged them to visit more places in Shandong and offer more valuable opinions and suggestions. He also welcomed their investment in Shandong to achieve new development. He hoped that their wisdom and intelligence would yield positive results in the vast land of Shandong, their hometown.

Mr. (Yu Zhongxian) expressed gratitude to Governor Zhao Zhihao for his welcome. He pledged to create more channels for economic, cultural, scientific, and technological exchanges between the province and Taiwan and make contributions to developing Shandong's economic construction.

Vice Governor Song Fatang and responsible comrade of pertinent departments were present at the meeting. The delegation has come at the invitation of Governor Zhao

Zhihao. During its stay in the province, the delegation will visit Weifang, Yantai, Weihai, and Qingdao.

### Statistics on Pudong Area's Economic Growth

OW2307120292 Beijing XINHUA Domestic Service in Chinese 0535 GMT 23 Jul 92

[By reporter Li Zhenghua (2621 2973 5478)]

[Text] Shanghai, 23 Jul (XINHUA)—In the first half of this year, the developing speed of the industrial economy in the Pudong New Area exceeded the general industrial development speed of Shanghai, displaying a trend of accelerated growth.

According to statistics released by the Shanghai Municipal Statistics Bureau, the gross domestic product of the Pudong New Area in the first six months totalled 4.184 billion yuan, up 21.8 percent from the same period last year, seven percentage points higher than the city's growth speed. The sales volume of the area increased by 21.4 percent over the same period last year, and 11.8 percent of the city's sales volume has been accomplished in Pudong; the output value of service industries increased 19.7 percent, 10.4 percentage points higher than that of the whole city.

Steps that were taken to quicken the pace of opening up have resulted in accelerated economic development in Pudong. Statistics show that in the first half of this year, 135 foreign-funded enterprises were newly established, increasing by 1.5 times, which involved a total contracted foreign investment of \$311 million, an increase of 5.9 times. In addition, 249 domestic cooperative enterprises were set up, with a total investment of 18.5 billion yuan. With the introduction of various preferential policies aimed at speeding up Pudong's development and opening up, a great number of key enterprises in Puxi are moving to Pudong, greatly enhancing the latter's economic strength.

Marked improvement in the investment environment has also helped facilitate Pudong's development. The operation of the Nanpu Bridge shortened the distance between Pudong and Puxi; 281 hectares of land have been developed in the three key development districts of Lujiazui, Jinqiao, and Waigaoqiao; some new industrial districts are taking shape; and the birth of the administrative commission of the Waigaoqiao Free Trade Zone accelerated the construction of the zone. An exchange center for capital goods has begun operation in the free trade zone.

Financing, trade, and new growth industries like the real estate industry have further enlivened Pudong's economy. So far the Pudong New Area has ratified the use of 360 ha of land for various projects, including 23 foreign-funded property projects with a total investment of \$1.07 billion, 21 building projects for the central commissions and departments, and 18 building projects for the provinces and municipalities. Another 100 or so property projects are under negotiation.

The development of Pudong injected fresh energy into Shanghai's economy. In the first half of this year, the city accomplished a gross domestic product of 48.1 billion yuan, up 14 percent from the same period of last year; the industrial output value was 113.7 billion yuan, up 21.4 percent; and the sales volume was 109.1 billion yuan, up 20.8 percent. Shanghai has now entered a period of faster economic growth.

### Pudong To Build High-Technology Zone

OW2207103492 Beijing XINHUA in English 0833 GMT 22 Jul 92

[Text] Shanghai, July 22 (XINHUA)—The Zhangjiang high-tech zone will start construction in Shanghai's Pudong New Area at the end of this month.

Local economic officials said they would build the zone into one of China's largest high-tech districts. Chinese and foreign enterprises will be welcome to develop high-tech projects in the new zone.

The new zone will have a planned development area of 17 sq [square] km, of which only 4.2 sq km is for first-phase development, said the officials, adding that the development of microelectronic, telecommunication, photo electric, biological products and new materials will enjoy priority.

At the same time, three centers featuring international high-tech fairs, exchanges and trade will also be built in the zone.

By the end of 1995, the zone is expected to boast more than 30 software firms, and a team of 3,000 engineers of software.

### Shanghai's Pudong New Area Developing Fast

OW2307044692 Beijing XINHUA in English 0325 GMT 23 Jul 92

[Text] Shanghai, July 23 (XINHUA)—In the first half of this year, the developing speed of the industrial economy in the Pudong New Area exceeded the general industrial development speed of Shanghai, an official from the city announced here Wednesday.

The official released that the gross domestic product of the Pudong New Area in the first six months totalled 4.184 billion yuan, up 21.8 percent from the same period of last year, seven percentage points higher than the city's increasing speed.

Meanwhile, the sales income of the area increased by 21.4 percent over the same period of last year, and 11.8 percent of the city's sales volume has been accomplished in Pudong; the output value of service industry increased by 19.7 percent, 10.4 percentage points higher than that of the whole city.

Statistics show that in the first half of this year, 135 foreign-funded enterprises were newly established.

increasing by 1.5 times, which involved a total contracted foreign investment of 311 million U.S. dollars, an increase of 5.9 times. In addition, 249 domestic co-operative enterprises were set up, with a total investment of 1.85 billion yuan.

The investment environment of the Pudong New Area also enjoyed obvious improvement. The operation of the Nanpu bridge shortened the distance between Pudong and Puxi; 281 ha of land have been developed in the three key development districts of Lujiazui, Jinqiao and Waigaoqiao; some new industrial districts are taking shape; and the birth of the administrative commission of the Waigaoqiao Free Trade Zone accelerated the construction of the zone.

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#### **Shanghai Releases 1992 Economic Data**

*OW2207150692 Shanghai People's Radio Network in Mandarin 1000 GMT 22 Jul 92*

[From the "News and Weather" program]

[Text] The municipal statistical bureau today held a press conference, and Director Li Maohuan released details on the economic development of Shanghai Municipality during the first half of 1992.

According to the briefing, the gross national product of Shanghai in the first half of this year was 48.1 billion yuan, up 14 percent from the same period last year, and the growth rate was 7 percent. The total industrial output value was 113.77 billion yuan, up 21.4 percent from the same period last year, and the total sales value realized was 109.02 billion yuan, up 20.8 percent.

In industrial output, the industrial and communication sectors grew in tandem, and the industrial economic growth in the New Pudong Area was the fastest in Shanghai and was responsible for 11.8 percent of total sales value in Shanghai. The total amount of investments in Shanghai rose, and fixed asset investments totaling 7.438 billion yuan were completed, up 15.5 percent from the same period last year, of which investments in commercial housing grew 48.8 percent. Market supplies were abundant, and the total value of retail sales amounted to 22.924 billion yuan, up 15.3 percent from the same period last year.

On top of that, the market in Shanghai is stable, and the consumption mentality of residents is normal. By the end of June, the total savings of urban and rural residents in Shanghai reached 36.947 billion yuan, up 4.125 billion yuan from the end of last year.

Li Maohuan also noted that some problems worthy of attention also existed in the economic development of Shanghai. They are shown mainly in the following areas: There is still a gap between the strategic course for adjusting Shanghai's economic structure and the high economic growth. The pattern in which the whole economy is driven by secondary industry has not changed, and according priority to develop tertiary industries is not progressing fast enough. The overall level of profits in industrial enterprises under local budgets remains low, and 15.6 percent of the enterprises are still losing money.

#### **Shanghai Stock Market 'Craze' Reported**

*OW2207015792 Beijing XINHUA in English 0133 GMT 22 Jul 92*

[Text] Shanghai, July 22 (XINHUA)—Nowadays in Shanghai, China's largest metropolis, a beeper-sized microcomputer and a new-type mini-radio are urgently demanded by local residents.

The new best sellers are specially designed to monitor the changes on securities exchanges as some one million locals are involved in a stock craze.

A local sociologist depicted it as a general explosion of the energy and desire to invest in the stock market, and a movement which accumulated since 1949 when the Communist Party-led revolution liberated the mainland and soon ordered a stop to the business.

Shanghai is one of the only two cities in the country that has an official securities exchange. At present, 15 kinds of shares have been listed in Shanghai with a total price exceeding 20 billion yuan (about 3.6 billion U.S. dollars).

Last month, another 34 stock companies issued new stocks with a face value of 312 million yuan (about 57 million U.S. dollars) and they will soon be listed at the exchange.

"In today's Shanghai, everything that is related to stock is in great demand," said a broker with the Shanghai Securities Exchange which is one of the only two in China.

In past months, book sellers in the city have made a good fortune from selling over 200 versions of books teaching basic knowledge on stock systems or how to make money to invest in the stock market.

Local papers and television stations have opened special columns and programs on the subject, which has been proved a big success to draw readers and views. Meanwhile a stock information line set up by the city's telephone bureau has become a hot-line.

Last year, the Shanghai Securities Exchange began issuing the SHANGHAI SECURITIES NEWS, and now people stand in lines to buy the paper.

Some big hotels neighboring the Shanghai Securities Exchange have missed no opportunities by opening special "saloons" for people to share their views and information about stocks. The admission tickets are always sold out immediately though the 30 yuan (about 5.4 U.S. dollars) is not cheap to an ordinary Chinese who earn an average of 50-60 U.S. dollars per month.

Those who can not afford the luxury saloons just flock in streets that are close to stock trading places day and night talking on the same topic, which are called by some as "street saloons" offering free classes.

However, the "street saloons" often last till very late, which has annoyed quite a number of local residents. Days ago a notice put up by someone appeared in one of the streets. It read, "We wish you make big money, but please be a little quiet and do not disturb us."

#### Shanghai Issues More B-Shares

OW2307041692 Beijing XINHUA in English  
0223 GMT 23 Jul 92

[Text] Shanghai, July 23 (XINHUA)—Two new B-shares were listed on the securities exchange here Wednesday, bringing the total number of B-share listings on this largest stock exchange in the country to four.

The new listings of B-shares were issued by Shanghai Wing Sung Stationery Co Ltd., and Shanghai Dazhong Taxi Co Ltd.

B-shares can only be sold to foreign buyers with hard currency. A-shares are sold to Chinese buyers.

Wing Sung Stationery opened at 60.8 yuan and closed at 61.15 yuan Wednesday after 10,600 shares changed hands, while Dazhong Taxi opened at 47.60 yuan and closed at 48.64 yuan after 45,500 shares changed hands.

Wing Sung Stationery, a leading pen producer in China, issued a total of 2.5 million shares with a total face value of 25 million yuan. The issue price was 53 yuan per share with a face value of 10 yuan.

Dazhong Taxi also issued 2.5 million shares with a face value of 25 million yuan. Its issue price was 43 yuan per share with a face value of 10 yuan.

Meanwhile, the prices of the two other B-shares, the Vacuum Electron B-share and the Shanghai No.2 Textile Machinery B-share remained unchanged yesterday from the previous day.

The officials added that they planned to issue at least another five new B-shares in the near future.

#### Shanghai Issues Principles for Collective Firms

OW2307084192 Shanghai WEN HUI BAO  
in Chinese 16 Jul 92 p 1

[ "Municipal Government Issues 10 Principles To Support Collective Enterprises in Reinvigorating Themselves"—WEN HUI BAO headline]

[Text] The Shanghai Municipal Government yesterday held a meeting on reforming collective enterprises, at which 10 principles were announced for deepening the reform of collective enterprises in the municipality, relaxing restrictions on their management, and reinvigorating them.

The 10 principles are as follows: 1. It is necessary to respect and support enterprises' initiatives in carrying out reforms and encourage collective enterprises, districts, counties, and bureaus to effectively carry out various reforms, which comprehensive departments in charge of finance, taxation, banking, industry, commerce, and labor should vigorously support. 2. Enterprises experimenting with the share-holding cooperative system and those experimenting with reducing income tax rates should pay their income taxes according to the tax rate of 33 percent and pay loans after paying their income taxes. As for special loans made before the end of 1990, they may pay 50 percent of the balance standing at the end of 1991 before paying income taxes. Meanwhile, while ensuring the fulfillment of their task of delivering revenues to higher authorities, tax bureaus of various districts and counties may periodically reduce in the next two to three years the taxes of experimental enterprises whose last year's tax burdens are lighter than their current ones. Enterprises experimenting with the share-holding cooperative system should retain their profits after paying taxes, deduct from the retained profits the amount of dividends for share-holding workers, and then contribute to the energy and transportation fund and the extra-budgetary regulatory fund. 3. Enterprises that do not experiment with the reduction of income tax rates or the share-holding and cooperative system and that have been implementing the contract system of managerial responsibility may continue to improve the contract system of managerial responsibility. Before a unified state income tax system is instituted, a fixed amount may be used for the contracted base for a few years, until 1995 at the latest; and the base under contract should be implemented according to original measures. 4. The wages and bonuses of an experimental enterprise should be linked to the taxes it pays and the profits it delivers to higher authorities. Under such circumstances, the enterprise may decide on a method for distributing wages and bonuses within itself. 5. When conditions permit, experimental enterprises may also implement the overall labor contract system and the work contract system as a coordinated reform. In enterprises experimenting on the overall labor contract system, their workers' wages and bonuses may increase 4 percent on top of the base linked to taxes and profits. In enterprises experimenting on the work contract system, its workers' wages and bonuses

may increase 2 percent on top of the base linked to taxes and profits. 6. Experimental enterprises should pay a bonus tax as of 1992 according to wages-regulating policies. 7. Beginning in 1992, experimental enterprises or key collective industrial enterprises included in a list of the municipal economic commission may increase their spending for technological development by 1 or 2 percent and raise their depreciation rate to 12 percent. 8. Experimental enterprises or enterprises with favorable conditions may adopt various forms of marketing a contract system. Enterprises should be encouraged to do a good job in promoting sales. 9. Tertiary industries set up for placing surplus personnel by state-owned and collective industrial enterprises, after implementing the overall labor contract system and the work contract system, may be exempt from income taxes for two years and then have their income taxes reduced by 50 percent for three years. 10. The power of examination and approval is delegated to lower levels. Experimental enterprises should submit their requests to competent departments for examination, and such requests should be put into practice after obtaining approval by district or county authorities. Requests for experimental collective enterprises under the municipal authority should be examined and approved by competent municipal departments in coordination with district or county authorities. Requests for enterprises implementing the shareholding or share-holding and cooperative system should be examined and approved according to relevant municipal regulations.

Vice Mayor Gu Chuanxun addressed the meeting. Zhabei District, the second light industry bureau, the Shanghai No. 2 Hosiery Plant, and the Shanghai Zhuren Printing House exchanged their experiences in deepening the reform of collective enterprises.

#### Foreign Firm Settles in Shanghai Free Trade Zone

OW2307120892 Beijing XINHUA in English  
0818 GMT 23 Jul 92

[Text] Shanghai, July 23 (XINHUA)—The Shanghai Shangdu Trading Company signed a land-leasing contract today with the Waigaoqiao Free Trade Zone Unitary Development Co Ltd to become the 16th foreign trader set up in the zone.

The Shangdu Company, which is a joint venture between the Shanghai Foreign Trade Company and the U.S.-based Shantra Inc, is the first foreign trade company to rent a piece of land in the zone.

The company paid 2.4 million U.S. dollars to rent 3,400-sq-m [square meters] of land that will be used for building bonded storage, open storage and office buildings.

The foreign trade dealers in the zone are aimed at taking advantage of the preferential policies to undertake free trade, according to a local official.

The officials noted that the 16 companies, which are either domestically owned or overseas run, will play a big role in the development of the zone.

#### Shanghai Company Shares Sold Locally, Overseas

OW2207053592 Beijing XINHUA in English  
0512 GMT 22 Jul 92

[Text] Shanghai, July 22 (XINHUA)—The Shanghai Rubber Belt Company Ltd., the first company in China's rubber industry adopting a share-holding system, was established early this month.

The company, which was listed on the Shanghai Stock Exchange recently, has sold 10 million yuan (1.85 million U.S. dollars) of A-type shares to domestic investors and 25 million yuan (4.63 million U.S. dollars) of B-type shares to overseas investors.

Its B shares were distributed through the Bank of Switzerland and the Sun Hung Kai International Service Ltd., of Hong Kong. The buyers came from Europe, the United States, Japan, Southeast Asia, Taiwan and Hong Kong.

The company originated from the Shanghai Rubber Belt Plant. Its major products of "Camel" brand rubber belts and "Crane" brand rubber shoes have all enjoyed high prestige on the market.

In the past three years, the average annual production of the plant increased by 17.8 percent and taxes and profits increased at an even higher pace of 24.6 percent. The plant has been ranked among the 200 leading enterprises in the city.

Since 1990, the plant has merged the Huafeng Rubber Factory, the Shanghai Sister Factory and the Shanghai no. 14 Dying Factory.

The high quality of its products has been recognized by the Shanghai Volkswagen Corporation, a Sino-German car manufacturer, and Volkswagen has begun to use its V-type rubber belts on the Santana cars.

#### Zhejiang CPPCC Standing Committee Meets

##### Ge Hongsheng Speaks

OW2307100392 Hangzhou ZHEJIANG RIBAO  
in Chinese 15 Jul 92 p 1

[“The Provincial CPPCC Standing Committee Holds 20th Meeting: Ge Hongsheng Addresses the Meeting on Accelerating Zhejiang's Reform, Opening Up, and Economic Development”—ZHEJIANG RIBAO headline]

[Text] The Standing Committee of the Sixth Zhejiang Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] held its 20th meeting yesterday.

At the beginning of the meeting, all meeting attendees rose and stood in silent tribute for the death of comrades Li Xiannian and Deng Yingchao.

The major topics of the meeting were: To continue to thoroughly study and implement Comrade Deng Xiaoping's important remarks, the guidelines set by the plenary session of the Political Bureau of the CPC Central Committee, Comrade Jiang Zemin's important speech at the Central Party School, and the guidelines set by the expanded Seventh Plenary Session of the Eighth Zhejiang Provincial CPC Committee; to relay the guidelines set by the 20th Session of the Standing Committee of the CPPCC National Committee; to hear reports by provincial government leaders on Zhejiang's efforts to further quicken the pace of the province's reform, opening up, and economic development; and to consult and deliberate on and to approve personnel changes.

Governor Ge Hongsheng attended and spoke at the meeting. He said: The key to studying and implementing the spirit of Comrade Deng Xiaoping's important remarks made during his inspection tour of the south is to take advantage of the current favorable conditions to raise the province's economy to a new level at an earlier date and in a better way. In the 1980's, Zhejiang took advantage of the favorable conditions then to raise its economy to a new level. Now we also should seize the opportunity to greatly increase the province's total economic output so that our total output value will be quadrupled six years ahead of time. Taking the province's reality into consideration, we should develop our economy to a new level mainly through work in four areas—namely, accelerating the construction of infrastructure and the development of basic industries; speeding up the development of science and technological education; making the province's economy more export-oriented; and raising the tertiary industry's proportion in the province's economic structure. The key to accelerating economic development lies in quickening the step of reform and opening up, and the key to broadening the scope of opening up to the outside world lies in making use of foreign funds. The central authorities have placed the focus of the nation's opening up in the 1990's in Shanghai's Pudong, and it has recently has decided to further open up the Chang Jiang Delta and areas along Chang Jiang, using Pudong as a vanguard. Zhejiang, as an important wing of Shanghai, will become a forward position for further opening the door to the outside world. We should participate in various forms in this new opening trend and make the most of the province's economic resources.

Ge Hongsheng continued: Zhejiang's economic situation was good in the first half of this year. Industrial production grew rapidly; agricultural production continued to increase; growth in fixed asset investments was considerable; the investment pattern was improved to a certain extent; sales increased steadily; exports continued to increase; the amount of foreign funds utilized increased by leaps and bounds; the financial situation was relatively stable; and the government's financial conditions

further improved. Currently, the province's economy is entering a more normal new stage of rapid development. The way to properly accomplish our work in the latter half of the year is to work in a down-to-earth manner. All departments should concentrate their efforts on their work and boldly take the initiative in creating a new situation. They should deepen their understanding, further emancipate their minds, and solve problems encountered in the course of carrying out their work. Ge Hongsheng stressed: Accelerating reform, opening up, and economic development can be achieved only if all people of the province work arduously with one heart and one mind. He sincerely hoped comrades of the provincial CPPCC committee will, as always, supervise and support the provincial party committee's and government's work, and will unite all sectors of society so that they can make common efforts to advance Zhejiang's reform and opening up and to invigorate the province's economy.

The meeting was presided over by provincial CPPCC committee chairman Shang Jingcai. Attending the meeting were vice chairmen Tang Yuanbing, Li Dexing, He Zhibin, Zhou Chunhui, Jiang Cisheng, Qiu Qinghua, Zhan Shaowen, Wang Chengxu, Ding Deyun, Li Chalong, and Zhao Jingtang; Secretary General Xie Lansheng; as well as veteran comrades Mao Qihua, Wang Jiayang, Cui Jiang, Zhang Renzhi, Zhu Zhiguang, Chen Li, Wang Jiwu, and Yang Shilin.

#### Conclusion of Meeting Reported

OW2207072492 Hangzhou Zhejiang People's Radio Network in Mandarin 1030 GMT 18 Jul 92

[From the "Provincial News Hookup" program]

[Text] The 20th meeting of the Standing Committee of the Sixth Provincial Committee of the Chinese People's Political Consultative Conference [CPPCC] concluded in Hangzhou this afternoon after completing its agenda.

Governor Ge Hongsheng reported to the meeting on the acceleration of reform and opening up to the outside world and of economic development in the province.

Vice chairman of the provincial CPPCC committee Qiu Qinghua relayed to the meeting the guidelines of the 20th meeting of the Standing Committee of the Seventh National Committee of the CPPCC. The meeting also heard briefings by Hangzhou, Ningbo, and Wenzhou on the local state of reform and opening up to the outside world and their future plans.

Participating comrades emphatically discussed, in conjunction with realities in the province, issues related to accelerating reform and opening up wider to the outside world, as well as put forward numerous constructive views and suggestions. The meeting also adopted a resolution to appoint (Dong Chgotai) and (Shang Lianggao), respectively, as vice chairman of the Economy and Technology Committee and the Law Committee of the Sixth Provincial CPPCC Committee.

Shang Jingcai, chairman of the provincial CPPCC committee, spoke at today's meeting. He called for further bringing into play the peculiarity and superiority of the people's political consultative conference, further emancipating the mind, and bold explorations to better draw the wisdom and strength of the democratic parties, mass organizations, and people from all walks of life onto the great cause of emancipating and developing productive forces, accelerating reform and opening up to the outside world as well as economic development, and building socialism with Chinese characteristics. This is an effort to make new contributions to opening up new prospects for Zhejiang's reform and opening up to the outside world, invigorating the provincial economy, investigating the new situation, studying new issues, and putting forward new measures.

Attending today's meeting were provincial CPPCC committee Vice Chairmen Tang Yuanbing, Li Dexin, He Zhibin, Zhou Chunhui, Jiang Cisheng, Qiu Qinghua, Zhan Shaowen, Wang Chengxu, Ding Deyun, Li Chalong, Su Jilan, and (Zhao Bingtang) and Secretary General (Xie Lansheng); as well as old comrades (Mao Xihua), (Zhang Yongji), (Qiu Jiguang), (Yang Dingwu), and (Yang Ciling).

#### Zhejiang Governor Ge Hongsheng on Economic Work

OW2207080492 Hangzhou Zhejiang People's  
Radio Network in Mandarin 1030 GMT 18 Jul 92

[By station reporter Gao Xiongming; from the "Provincial News Hookup" program]

[Text] The provincial government today held a plenary session at which Governor Ge Hongsheng summed up economic work in the province during the first half of the year and made arrangements for our next step in opening up wider to the outside world, deepening reform, and accelerating economic development.

The provincial economy made further headway during the first half of the year. While basically maintaining an overall balance of supply and demand, we further quickened the pace of growth for production, construction, and commodity circulation. According to initial computations, the first half of the year saw the province's gross national product [GNP] amount to 48.1 billion yuan, up 14.5 percent over the same period last year, with its total industrial output value topping 112.6 billion yuan, an increase of 27.5 percent. The growth rate of total output value for industries at or above the township level ranked fifth in the country. As for agricultural production, we also enjoyed a good harvest from the three spring crops. In the first half of the year, commodity sales grew steadily, and prices basically remained stable. The total export volume increased 26 percent, the total value of contracts signed on foreign capital utilization increased 3.8 times, and the number of foreign-invested enterprises set up in the new zones increased two times

over the same period last year. The fiscal situation further improved under a relatively stable financial situation.

Governor Ge Hongsheng said: In some time to come and in the entire decade of the 1990's, the province should concentrate on upgrading its performance in four areas. One, governments at various levels should bring into play the initiative of all quarters to put an end to energy and raw material shortages and the backward state of such infrastructure as water conservancy facilities, transportation, and communications in the province. Two, we should count on the domestic market and open up the international market to vigorously develop an externally oriented economy. Three, we should rely on science and technology to quicken the restructuring and transformation of traditional industries and vigorously promote the industrialization and internationalization of high and new technologies, while developing education and strengthening intellectual development. Four, in conjunction with the readjustment of the industrial structure, we should take preferential policies and mobilize the strength of the entire society to jointly promote the tertiary industry and make it expand at a rate higher than the GNP growth.

Speaking of quickening the pace of utilizing foreign capital, Governor Ge Hongsheng pointed out that the emphasis for foreign capital utilization is being placed mainly on infrastructure constructing and improving the supply of energy and raw materials, after which we will be able to transform old enterprises, develop high- and new-technology industries, promote the tertiary industry, tap mountain and marine resources, and develop export-oriented agriculture. All departments and governments at various levels should perform their respective duties and speed up preparations in connection with the 231 projects approved by the provincial government for foreign investment.

Governor Ge Hongsheng said: To quicken the pace of utilizing foreign capital in the province, the provincial government is considering acting in accordance with the guidelines of a recent forum held by the central authorities on economic planning for the Chang Jiang delta and areas along the Chang Jiang, to first set up a development zone each in Jiaxing, Huzhou, Shaoxing, Xiaoshan, and Taizhou that will enjoy, upon approval by the provincial government, policies drawn up for investment zones along the Chang Jiang. This is an effort to make these areas, especially the Hangjiahu and Linshaozhou regions, the pioneer areas in cooperating with Pudong in its development and opening up to the outside world. Other cities and counties with the necessary conditions also can carry out self-financed development by setting up development zones in a planned way and in conjunction with the development of their manufacturing and tertiary industries.

On deepening the reform, Governor Ge Hongsheng said that it is necessary to carry it out in two stages. In the

first stage, we should pay close attention to implementing existing reform measures as our key task that demands the concentration of major efforts by all departments and governments at various levels. The next stage, which is of a nature of (?advanced experiment), also calls for bold steps. In particular, leaders should broaden their minds to carry out new explorations in a planned way. Governor Ge Hongsheng also made specific arrangements for properly administering present industrial and agricultural production and accelerating the development of the tertiary industry.

Vice Governor Xu Xingguan presided over the meeting. Leaders of relevant departments from the provincial Planning and Economic Commission, Foreign Economic Relations and Trade Commission, Research Office for Rural Policy, Science and Technology Commission, and the People's Bank also addressed the meeting.

### Central-South Region

#### Shenzhen's Economy Growing Rapidly in 1992

HK2207085092 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 16 Jul 92

[Text] Shenzhen's economy grew at a high rate and in a coordinated way in the first half of this year. A scene of prosperity prevailed in all walks of life. The excellent economic situation this year bears the following main characteristics: industrial production grew by a fairly big margin; the scope of capital construction was expanded; key projects proceeded at a greater pace; there was brisk buying and selling; and there was a marked increase in foreign trade and revenues.

The latest statistics released by the Shenzhen Statistics Bureau show that by the end of June, the gross industrial output value had hit 14.386 billion yuan, up 28.9 percent over the same period last year. The money spent on capital construction in the first half of this year totalled 3.253 billion yuan, up 68 percent over the corresponding period last year. The total volume of retail sales for the first half of this year amounted to 5.21 billion yuan, up 31 percent. There was a 24.8 increase in export and 70.6 percent increase in revenues.

#### Shenzhen Attracts More Foreign Investment

OW2107125192 Beijing XINHUA in English  
1222 GMT 21 Jul 92

[Text] Shenzhen, July 21 (XINHUA)—Shenzhen, China's leading special economic zone in Guangdong Province, has become a major target for foreign investment.

According to statistics, an average of 110 overseas companies made investments here each month in the first half of this year, bringing the total foreign investment to 1.25 billion U.S. dollars by the end of June this year, up 161 percent over the same period of last year.

Included was 830 million U.S. dollars of registered capital, an increase of 129.8 percent.

The local authorities attribute the good result to China's furthering of its reform and open policies, and the city's improved investment conditions.

#### Guangxi Secretary, Chairman Urge Support for Deng

HK2207102192 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 17 Jul 92

[Excerpts] A regional report meeting on studying and implementing the spirit of a series of important speeches made by Comrade Deng Xiaoping during his south China tour was held in Nanning today.

The report meeting was attended by leading comrades in charge of the regional party committee, people's congress standing committee, government, and Chinese People's Political Consultative Conference committee, comrades in charge of various departments, commissions, offices, and bureaus directly under the regional authorities, as well as comrades in charge of various Nanning-based higher learning institutions.

On behalf of the regional party committee standing committee, Liu Mingzu, regional party committee deputy secretary, delivered a speech in which he reported on the regionwide situation of studying and implementing the spirit of Comrade Deng Xiaoping's important speeches and put forth views on furthering work in this connection in future. [passage omitted]

Regional party committee Secretary Zhao Fulin as well as Cheng Kejie, regional party committee deputy secretary and regional government chairman, also delivered speeches at the meeting.

In his speech, Zhao Fulin put forth important views on updating ideological concepts, on how organs directly under the regional authorities should actively throw themselves into reform and opening up, as well as on how to push regionwide economic construction onto a new stage. He said: The central leading comrades recently pointed out: Without emancipating minds and updating ideological concepts, it will be extremely difficult to push ahead with all types of work. Updating ideological concepts means emancipating minds, transforming concepts, being good at proceeding from actual realities, tenaciously carrying on exploration, and forging ahead.

Zhao Fulin called for transforming concepts in the following nine aspects: 1. To adhere to economic construction as the center and discard such old concepts as grasping class struggle as the key link and adhering to political struggle as the center. 2. To correctly differentiate socialism from capitalism. [passage omitted] 3. To ward off interference of left ideology. [passage omitted] 4. To reform a highly centralized and unified planned economic structure and develop a socialist market economy. 5. To put an end to a closed or semi-closed

situation and expand opening up to the outside world. 6. To correctly treat people who have become prosperous ahead of others. [passage omitted] 7. To be bold in exploration and innovation, carry out work in light of actual conditions and in a creative manner, and make full and correct use of all central policies. [passage omitted] 8. To cultivate a concept of science and technology being primary productive forces, respect knowledge and qualified personnel, and give full scope to science and technology in production development. 9. To speed up rather than slow down economic development, enhance a sense of urgency, and seize each and every excellent opportunity.

Zhao Fulin finally called on all organs directly under the regional authorities to participate actively in reform and opening up and strive to push regionwide economic construction onto a new stage.

In his speech, Cheng Kejie laid particular stress on the following two points: 1. The core and essence of Comrade Deng Xiaoping's important speeches can be boiled down to consciously and resolutely implementing the party's basic line. On no account should we deviate from the party's basic line which has been enjoying popular support and whose formulation was hard-won; 2. To carry out work in a down-to-earth manner, have a batch of big projects and experimental zones built as scheduled, and train more qualified personnel. [passage omitted]

### Guangxi Acts Against Drug Trafficking

HK2207053292 Beijing FAZHI RIBAO  
in Chinese 26 Jun 92 p 1

[By Mo Xiaosong (5459 1420 2646): "Guangxi Attains Good Results in Drug Banning Work"]

[Text] Nanning 25 Jun (FAZHI RIBAO)—This morning, it was learned from a news conference held by the Guangxi Drug-Banning Committee and the regional Public Security Office to mark 26 June as "International Anti-Drug Day" that Guangxi had uncovered 2,740 narcotics cases in the first five months of the year, six times the number of such cases uncovered over the same period last year, of which 875 were major cases, up 1.92 times, with 230 kg of opium, 18 kg of heroin seized, and 1,300 drug traffickers apprehended.

Guangxi's narcotics-related crime rate has been noticeably affected by international drug trafficking in recent years. In January this year, Baise Public Security Bureau uncovered a major drug-trafficking case after a two-month operation, with 1.2 kilograms of No.4 heroin seized and three criminals arrested. Through investigation and verification, the culprit Shi Jingtang [4258 2529 1016] was a criminal involved in a transnational drug-trafficking ring wanted by Yunnan Provincial Public Security Bureau, and the narcotics originated from Burma. With the aid of reports from the public, in February, a Qingxi County Public Security Border Guard unit captured a number of armed Vietnamese

drug-traffickers down a ravine in the neighborhood of Tun pang Township's Mengma Street, shot one of them dead, captured two alive, and seized a pistol and 2.2 kg of opium. On the basis of fact finding, Nanning organized unified action to mop up the underground narcotics market and mobilized some 3,000 public security cadres and policemen. As a result, 194 cases involving narcotics were uncovered, with 1.183 kilograms of heroin, 6.5 kilograms of opium, and 400,000 yuan of narcotics-related money seized, 38 trafficking and addiction dens smashed, and 500-odd narcotics-related criminals apprehended.

To coordinate propaganda for International Antidrug Day and to severely crack down on narcotics-related crimes, the autonomous region has formulated and promulgated a "Guangxi Zhuang Autonomous Region People's Government Circular on Banning Narcotics," printed and distributed various propaganda materials and posters on banning narcotics, founded an ad hoc organ for drug-banning guidance at the beginning of this year, and the regional leadership delivered a televised speech on the topic regionwide. Based on Guangxi's actual conditions, the regional authorities are guiding drug-banning work in depth to fight a dynamic people's war in this arena.

### Hainan Free Prices of 16 Basic Production Items

HK2407102392 Beijing ZHONGGUO XINWEN SHE  
in English 1311 GMT 23 Jul 92

[Text] Haikou, July 23 (CNS)—Hainan Province has freed prices of all basic production items excluding chemical fertilizers, oil products, and coal, starting this month.

The 16 items freed of price control include steel materials, cement, caustic soda, heavy oil, copper, aluminum, lead, tin, sulphuric acid, soda ash, rubber, coking coal, copper materials, and pig iron. The Hainan Provincial Government has decided that these commodities will be regulated by the market and there will be no double-track pricing system for them. As for chemical fertilizers, oil products, and coal, the double-track pricing system for these will be gradually diminished depending on consumption. So far, Hainan Province has freed all consumer goods prices as well as those of most basic production items, marking a big step forward towards a market economy.

### Wuhan Rescinds Circulars Not Conducive to Reform

HK2207145892 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0810 GMT 22 Jul 92

[Report: "Wuhan City Rescinds 13 Red-Letter-Headed Documents Which Fetter Reform and Opening Up"]

[Text] Wuhan, 22 Jul (ZHONGGUO TONGXUN SHE)—The Wuhan City Government recently issued a circular to the whole city on immediately rescinding 13

"red-letter-headed documents" issued by the city government which were unsuited to reform and opening or even obstructed reform and opening. It is required that deep-blue stamps of "invalid" be affixed to these documents.

According to officials of Wuhan City, this action was one of the major measures adopted by the city to resolutely carry out the spirit of Deng Xiaoping's important speeches during his inspection in the south and the relevant central instructions, speed up reform, and expand opening.

It is said that the main contents of the 13 "red-letter-headed documents" were unfavorable to speeding up reform, expanding opening, and invigorating enterprises. For example, the "Circular of the City People's Government's on Further Increasing Deposits, Adjusting Credit Structure, Tapping Financial Resources, and Ensuring the Development of Key Enterprises" was not conducive to the action taken by the financial institutions to support enterprise development and to guide enterprises to develop market-oriented production; the "Circular on Report About the Adoption of the Joint-Stock System in Enterprises" stipulated that "large and medium enterprises having a bearing on the national economy and the people's livelihood should not adopt the joint-stock system for the time being." This has been proved wrong in practice, as large and medium enterprises should also adopt the joint-stock system. In addition, some documents which transferred the rights that should be enjoyed by enterprises to the upper authorities were also rescinded.

### Hunan Governor on 'Spirit' of Deng Speeches

HK2207110192 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 15 Jul 92

[Text] Yesterday, the provincial government held in Hunan Hotel a provincial forum on work of transforming scientific and technological achievements of higher learning institutions.

At the forum, provincial Governor Chen Bangzhu called on all scientific and technological personnel of various higher learning institutions across the province to conscientiously implement the spirit of a series of important speeches made by Comrade Deng Xiaoping during his South China tour, further emancipate minds, transform scientific and technological achievements into productive forces at an earlier date, and contribute more to provincewide socialist construction.

The forum was presided over by Dong Zhiwen, provincial party committee standing committee member and provincial executive vice governor, and attended by comrades in charge of a total of 20 higher learning institutions across the province.

Persons in charge of some 19 universities and colleges gave accounts of scientific research achievements scored

by their respective units and advanced proposals to the provincial government at the forum.

Provincial Governor Chen Bangzhu listened with great pleasure to all the accounts given by the persons in charge of various higher learning institutions, spoke highly of all the higher learning institutions across the province for their outstanding scientific research achievements, and expressed the hope that they will transform their scientific research achievements into productive forces at an earlier date.

Provincial Governor Chen Bangzhu also briefed the persons attending the forum on a provincial party committee and government decision to speed up Hunan's economic construction. He said: In order to implement the decision, we need a large number of qualified scientific and technological personnel and must make full use of scientific and technological achievements scored by various higher learning institutions across the province.

Chen Bangzhu also called on all higher learning institutions across the province to further emancipate minds and enhance a sense of commodity economy and a sense of market, and called on governments and departments concerned at all levels across the province to create a favorable environment for scientific and technological development work currently under way in various higher learning institutions and to formulate more policies in support of scientific and technological work of various higher learning institutions. He stated: Leaders of all higher learning institutions must transform concepts, bring into full play the enthusiasm of the broad masses of teaching personnel, and provide services to economic construction.

### Southwest Region

#### Yang Rudai Inspects Sichuan's Daxian Prefecture

OW2207124792 Chengdu Sichuan Television Network in Mandarin 1145 GMT 21 Jul 92

[Announcer-read video report prepared by the Daxian Prefectural Television Station; from the "Sichuan News" program]

[Text] During a recent inspection tour of Daxian Prefecture, Yang Rudai, secretary of the provincial party committee, said: As a major area for crops, Daxian Prefecture should do away with the traditional farming mode, foster a concept of commodity agriculture, and take the current excellent opportunity to actively readjust the rural economic structure for accelerating economic development in the countryside.

He emphasized in particular that vigorous efforts must be made to shatter (?taboos) of traditional agriculture. He said: The concept of small-scale production cannot lead us to prosperity. We must transform traditional farming into commodity agriculture.

He said: We should adopt various measures to train peasant-scientists and peasant-technicians, because only when peasants become specialized in their own field of production can they more effectively develop the local agricultural economy through integrating science and technology with agricultural production.

During the inspection of Daxian Prefecture, Yang Rudai also urged city, prefectural, and county leaders to energetically advance the housing and real estate undertaking while promoting the development of the tertiary industry. He said: While taking the current opportunity to accelerate the pace of developing the tertiary industry, efforts must be made to combine housing and real estate development with the construction of markets, new communities, and small market towns.

He said: The service trade is a weak link in Daxian Prefecture's economy. At present, a concerted effort must be made to boost the tertiary industry. In developing the tertiary industry, particular attention must be paid to housing and real estate development.

He said: We should encourage peasants to engage in the secondary and tertiary industries in towns. By so doing peasants can become well off while invigorating the urban economy and promoting urban construction.

Calling for a solid job in promoting the service trade, Comrade Yang Rudai urged the relevant departments to take the initiative to boldly, effectively, and thoroughly apply the policies adopted by the provincial party committee and the provincial government in a bid to achieve better results in accelerating the construction pace of tertiary industries.

While inspecting state-owned enterprises in Daxian Prefecture, Comrade Yang Rudai pointed out: To invigorate enterprises, large and medium-sized state enterprises should strengthen the intensity of reform, improve product quality, and raise efficiency.

He also called for vigorous efforts to develop collectively owned enterprises, especially village and township enterprises. He said: In developing the economy, we should give priority to developing village and township enterprises because booming village and township enterprises can help peasants become well-off and bring about a fast development of the prefectural economy.

#### **Yunnan Governor Urges Opening 3 Cities to Outside**

HK2207090692 Kunming Yunnan People's Radio Network in Mandarin 1000 GMT 14 Jul 92

[Text] Yesterday, the provincial government held in Qujing Prefecture a forum on Qujing, Yuxi, and Chuxiong opening up to the outside world.

Governor He Zhiqiang said at the forum: To ensure that the reform tasks set by the provincial party committee will be accomplished, the provincial government has decided to open the three cities in central Yunnan to the outside world at different levels, in different forms, and

on every side with Kunming serving as the core and playing a stimulating role. The three cities are Yunnan's industrial cities of great strategic importance and ancient grain-producing areas. They are more economically advanced than other areas in the province and enjoy fairly great potentialities for development. Doing a good job in opening up the three cities to the outside world will provide important experience for other open cities across the province. Therefore, we must boost our confidence and seize the favorable opportunity to develop the three cities into economic cities bearing international characteristics and with their gross industrial and agricultural output value exceeding 10 billion yuan each.

He Zhiqiang continued: We must energetically go into action to formulate and readjust our development program in accordance with requirements for opening up to the outside world. More infrastructural projects must be built to lay a solid foundation for opening up to the outside world. Railways and high-grade highways linking the three cities with Kunming should be built as soon as possible.

A 10-square-km area must be set aside to build a provincial-level development area to develop county-run industries and foreign-funded enterprises. We should institute preferential policies to absorb a large number of Chinese and foreign talents. We should foster an idea of accelerating economic development, vigorously introduce investment from abroad and establish lateral ties at home, and strive to set up a number of foreign-funded enterprises each year. We should regard development of tourism as a key task for opening up to the outside world and developing the tertiary industry and step up construction of service bases. It is necessary to make adequate preparations for major projects, introduce foreign funds for technological transformation and for development of new industries, and change the single-pillar economic structure. More infrastructural projects should be built in urban areas to bring a fairly great change to environmental sanitation. In addition, we should make greater efforts to propagate the three cities to raise their popularity at home and abroad, thus elevating opening up to a new stage.

#### **North Region**

#### **Beijing Party Group Holds Forum of Veteran Cadres**

HK2207095092 Beijing XINHUA Domestic Service in Chinese 1127 GMT 11 Jul 92

[Report by Xu Renjie (1776 0088 2638): "Beijing Municipality CPC Committee Holds Forum of Veteran Cadres"]

[Text] Beijing, 11 Jul (XINHUA)—The Beijing Municipal CPC Committee held a forum of veteran cadres from 7 to 10 July. At the forum, some retired cadres said that they would profoundly realize and comprehensively implement the spirit of the talks made by Comrade Deng Xiaoping during his southern trip and the important

speech delivered by Comrade Jiang Zemin at the Central Party School on 9 June, and continue to be promoters of reform and opening up.

This year marks the 10th anniversary of the "Decision on Establishing a Cadre Retirement System" made by the CPC Central Committee. Of the 45,000 veteran cadres in Beijing who have reached the age of retirement, 41,800 have retired. Over the past decade, Beijing has established more than 800 organizations for veteran cadres, with over 2,200 special working personnel. There are 1,318 party branches for retired cadres and 887 centers for activities of veteran cadres, gradually forming a network which links and coordinates the activities of both the top and lower levels.

Beijing municipality has always paid attention to giving full play to the role of veteran cadres in an organizational manner under proper leadership. Apart from taking part in the party's central work in all fields, conducting investigations and studies, offering consultative services, and writing books and historical works, veteran cadres have also focused their attention on training and educating the younger generation. The districts of Xicheng, Xuanwu, Chongwu, and Haidian and the suburban counties of Tongxian, Shunyi, Changping, and Yanqing have established organizations for veteran cadres to show concern for young people. Many units organized veteran cadres to offer advice and suggestions for running well large and medium state enterprises. The Shoudu Iron and Steel Complex organized veteran cadres to make proposals for rationalization, tackle key technical problems, and open avenues for earning foreign exchange.

#### Beijing Conference on Administrative Honesty

SK2307065092 Beijing BEIJING RIBAO  
in Chinese 7 Jun 92 p 1

[By reporter Sun Yushan (1327 3768 1472): "Beijing Holds Fifth Working Conference on Administrative Honesty"]

[Text] At the fifth municipal working conference on administrative honesty held on 6 June, Li Ximing, secretary of the municipal party committee, stressed that we should firmly attend to economic construction, reform, and opening as well as to the struggle against economic criminal offenders. We should make the improvement of party style and administrative honesty serve as the central link of economic construction and in coordination with the economic work.

Li Ximing said: Comrade Xiaoping has repeatedly stressed the necessity to "grasp the economic construction, reform, and opening with one hand and the struggle against economic criminals with the other." Under the current situation of emancipating the mind, deepening reform, expanding the scale of opening, and accelerating the economy's development, we should continue to make achievements in improving administrative honesty at the current stage to ensure sound progress various

kinds of work. Only when party and government organs, judicial departments, and law enforcement departments are honest in performing their official duties will we be able to effectively eliminate and deal blows to the unhealthy practices within trades about which the masses complain as well as various criminal activities and social evil phenomena hated by the masses. Only then will we be able to embark on a good and accurate path just as Comrade Xiaoping expects and will we be able to truly and comprehensively implement the basic line of "one center and two basic points," make the central link of economic construction prominent, focus on this link, and serve and submit ourselves to this link.

Li Ximing pointed out: The fundamental purpose in improving administrative honesty and grasping the improvement of party style is to promote economic development, to liberate and develop productive forces, to promote and ensure smooth progress in reform and opening, to consolidate the political power under the leadership of the party, and to consolidate the socialist system. To make the improvement of party style and administrative honesty serve the central link of economic construction, we should proceed from reality, accurately grasp policies, and handle affairs according to the principle of seeking truth from facts. We should pay particular attention to studying and exploring the new special characteristics of improving party style and administrative honesty and we should grasp the orientation of improving administrative honesty. In the course of reform and opening, we should certainly smash some complicated problems. In the course of replacing the old systems with the new, we should eliminate some of the old system malpractices that do not suit the development of productive forces and fetter economic development and the progress of reform and opening. We should encourage the people to have the daring to smash the old system malpractices and to further liberate and develop productive forces. We should allow the people to explore and try in this regard instead of checking them. In the course of reform and opening, those engaged in discipline inspection and supervisory work should encourage and support the comrades with a strong sense of reform and opening to explore, try, and do pioneering work. Instead of being surprised, we should enthusiastically educate and help them if they make minor mistakes; accurately sum up experiences and lessons; continue to make progress; and never give up halfway.

We should be prudent and avoid wantonly making conclusions when facing problems of which we are uncertain. If we are afraid of waging a struggle against various kinds of negative and corrosive phenomena; are accustomed to these phenomena; do not have the daring to check any cases; are soft-hearted in handling serious criminal activities; or are not determined to solve the obvious problems involving corruption and bribery, unlawful and undisciplined cases, economic criminal activities, and activities disturbing and damaging the progress of reform and opening, we will not be able to comprehensively implement the party's basic line and

will damage the development of reform, opening, and socialist modernization. Punishing the corrupt, dealing blows to economic criminal activities, and correcting the unhealthy practices in departments and trades pertains to policies. So, we should do a good job in studying principles and policies, studying actual conditions, and appropriately attend to this.

Li Ximing stressed: Party committees and the party as a whole should pay attention to the improvement of administrative honesty. Top party and government leaders should personally attend to this. Party committees and governments at various levels should actually make this work an important agenda item.

Mayor Chen Xitong also made a speech at the conference. He stressed: To improve administrative honesty, we should persist in the principle of "being resolute first and persevering secondly." We should unwaveringly attend to this. The key to fundamentally opposing corruption is to help the people solve their problems on the world outlook and outlook on life. The people with problems in world outlook are easily lured to corruption. Party and government organs should strengthen the ideological education for party members and cadres. While strengthening supervision by the masses, mass media, and society, the party and the government should do a good job in self-supervision. The party should do a good job in conducting inner-party activities, frequently make criticisms and self-criticisms, check erroneous ideas, and always monitor the true qualities of being honest in performing official duties.

Chen Xitong urged that all units resolutely implement Comrade Xiaoping's concept of "grasping with two hands," attend to both reform and opening and the struggle against corruption with a view to promoting the improvement of administrative honesty. We should have the daring to grasp this and strive to elevate the improvement of administrative honesty to a new level.

Zhang Jianmin, executive vice mayor and head of the municipal leading group for improvement of administrative honesty, made a report entitled "Resolutely Implement the Basic Party Line, Strictly Deal Blows to Corruption and Bribery, and Attend to Correcting the Unhealthy Practices in Trades and Departments."

Present at the conference were leading comrades of the central departments concerned and the municipality, including Chen Yu, Sun Daqing, Han Jiazeng, Bai Jiesu, Chen Guangwen, Yuan Liben, Wang Tong, Xia Qinlin, Zhang Mingyi, Li Bokang, Gan Ying, Liu Yufeng, He Fangbo, and Tie Ying. Meng Zhiyuan, Standing Committee member of the municipal party committee and secretary of the municipal discipline inspection commission, chaired the conference.

### Beijing Establishes More Overseas Ventures

OW2407110892 Beijing XINHUA in English  
1036 GMT 24 Jul 92

[Text] Beijing, July 24 (XINHUA)—Beijing established 12 overseas ventures in the first half of this year.

According to the municipal commission for economic development and trade, Beijing now has a total of 87 overseas ventures with a combined investment of about 100 million dollars.

Since establishing its first overseas venture in Japan in 1979, Beijing has set up joint Sino-foreign or solely Chinese funded ventures in about 30 countries and regions including Belgium, Italy, Malaysia, Singapore, Thailand, the United States, a number of East European and African countries and Hong Kong and Macao.

Economists say that the quick development of Beijing's overseas ventures is due to city's preferential policies. To encourage state-run enterprises to enter overseas joint ventures, the Beijing municipal government has freed the companies of tax liabilities and profit returns for five years. The money saved can be used for extending production.

Beijing's overseas ventures are mainly engaged in industrial processing, technology development, trade, finance, commerce, tourism and some service trades. Most of them are Sino-foreign joint ventures. The solely Chinese funded ventures only account for a small percentage.

### Military School for Juveniles Opened in Beijing

SK2407114092 Beijing BEIJING RIBAO  
in Chinese 2 Jun 92 p 1

[Text] Dongcheng District Juvenile Military School opened a few days ago. Twenty-five campuses were established under this school. Primary school pupils at or above the fourth grade in Dongcheng District have been enrolled in this school.

### Activities of Hebei's Xing Chongzhi Reported

#### At Young Pioneers Congress

SK2207143992 Shijiazhuang HEBEI RIBAO  
in Chinese 2 Jun 92 p 1

[By reporters Zhao Fang (6392 2455) and Han Shaojun (7281 4801 0689): "The Second Hebei Provincial Young Pioneers Congress Opens"]

[Excerpts] On 1 June—Children's Day—16 million children across the province welcomed the convocation of the Second Hebei Provincial Young Pioneers Congress.

Leading comrades of the provincial party committee, the provincial People's Congress Standing Committee, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, and

the provincial Military District, including Xing Chongzhi, Lu Chuanzan, Li Bingliang, Guo Zhi, Liu Shanxiang, Ren Peiyu, Song Shuhua, and Xu Chunxing, celebrated the festival with the children in the capital of the province. [passage omitted]

Zhang Li, secretary of the provincial Communist Youth League [CYL] Committee, made a speech at the congress. He said: It has been six years since the last provincial Young Pioneers congress was held. The Young Pioneers organizations across the province have continuously developed and expanded. Young Pioneers activities and work are becoming more lively every day, opening a new period for the province. Over the past five years, 75 percent of the schools across the province attained the requirements for "five haves" and "10 100 percent," 585 Young Pioneers brigades won the national awards for their outstanding achievements in "red scarf small construction," 150 Young Pioneers organizations were among the national Young Pioneers red banner contingent, and 14 grass-roots CYL committees were commended as "national advanced units with outstanding achievements in the construction of the grass-roots Young Pioneers organizations." [passage omitted]

The Central CYL Committee, the National Young Pioneers Work Committee, and the Young Pioneers committees and the CYL committees of more than 20 provinces and municipalities sent messages of congratulation to the congress. [passage omitted]

### Meets Hong Kong Bank Group

SK23070118>2 Shijiazhuang HEBEI RIBAO  
in Chinese 5 Jun 92 p 1

[By reporters Wang Bingwei (3769 0365 0251) and Zhou Yingping (0719 3841 1627): "Hebei Signs Summary of Talks With the Hong Kong and Macao Branch of the Bank of China Group"]

[Text] The meeting hall of the provincial foreign affairs office had an atmosphere of warmth, friendship, and sincerity on 4 June. At 1100, Xing Chongzhi, secretary of the provincial party committee; Guo Zhi, chairman of the Standing Committee of the provincial People's Congress; Cheng Weigao, governor of the provincial government; Ye Liansong, Song Shuhua, Guo Hongqi, and Chen Liyou, vice governors of the provincial government; Wang Deyan, chairman of the Bank of China board of directors and Bank of China president; and Huang Diyan, vice chairman of the Bank of China board of directors and director of the Hong Kong and Macao administrative section of the Bank of China, arrived at the meeting hall of the provincial foreign affairs office. Cheng Weigao and Huang Diyan respectively signed the summary of talks on strengthening long-term cooperation and promoting economic development.

From 2 to 4 June, the inspection group of the Hong Kong and Macao Branch of the Bank of China Group did painstaking work in our province; heard Ye Liansong's

report on Hebei Province's reform, opening, and program for cooperation projects; inspected some plants and enterprises; and heard the explanations of some key projects and economic development plans given by responsible persons of localities. The inspection group has paid much attention to this.

President Wang Deyan and Director Huang Diyan fully affirmed the good cooperative ties in facilitating capital flow. They maintained that Hebei is near Beijing and Tianjin and is a key open province in the eastern coastal areas. They expressed their willingness to fully display the Bank of China's overall advantages and to support Hebei in accelerating the pace of economic construction and opening to the outside world.

The summary of talks states: The Hong Kong and Macao branch of the Bank of China Group is expected to select a group of projects with good economic results and conditions for using foreign capital, particularly large and medium-sized projects, from the projects listed in the Eighth Five-Year Plan and the 10-year plan of the province and the projects for using foreign capital; to invest in these projects; and to strive to complete each of these projects in all groups. In a timely fashion, both sides should put their funds into these projects according to the contracts that have been signed and strive to ensure that these projects will begin, be completed, be made available to the users, and create benefits soon.

Hebei Province will further improve the investment environment and also establish a capital coordination group to specifically assume responsibility for coordinating the cooperation projects involving the capital provided by the Hong Kong and Macao branch of the Bank of China Group. According to the agreements signed between both sides, the Hebei provincial government will give guarantees to the branch for investing in and granting loans to Hebei, ensure that the branch will reasonably benefit, and promote the smooth progress of cooperation between both sides.

Xing Chongzhi, secretary of the provincial party committee, made an ebullient speech at the ceremony to sign the summary of talks. He said: The signing of the summary of talks between the Hebei provincial government and the Hong Kong and Macao branch of the Bank of China indicates that both sides have entered a new stage of cooperation based on a good beginning. The Hebei provincial party committee and the provincial government will cherish the cooperative ties; make every effort to support, safeguard, and develop the cooperation; and strive to ceaselessly make new achievements.

On the afternoon of 4 June, the inspection group left Shijiazhuang for Baoding and Chengde to continue their visits.

**Attends Hebei CPC Meeting**

SK2207013492 *Shijiazhuang HEBEI RIBAO*  
in Chinese 16 Jun 92 p 1

[By reporter Kang Enhua (1660 1869 5478): "The Hebei Provincial Meeting of CPC Delegates Was Ceremoniously Held"]

[Excerpts] The Hebei Provincial meeting of CPC delegates was ceremoniously held in Shijiazhuang on 14 and 15 June. Entrusted by over 3,230,000 party members across the province, all party delegates participating in the meeting, with a high degree of responsibility, elected 60 comrades as provincial delegates to the 14th National Party Congress.

Four hundred and fifty-four delegates should have attended this meeting, but only 416 delegates were present. They were members and alternate members of the provincial party committee; members of the provincial advisory commission and the provincial discipline inspection commission; the party-member chairman and vice chairmen of the Standing Committee of the provincial People's Congress and the provincial committee of the Chinese People's Political Consultative Conference; secretaries and party-member principal responsible persons of party committees and leading party groups of the provincial-level committees, general offices, departments, bureaus, and mass organizations; secretaries of the prefectural and city party committees; secretaries of the county (city and district) party committees; outstanding experts, advanced workers, and model workers who are party members and who also have made outstanding contributions since the 13th party congress; and responsible persons of party committees and leading party groups of relevant units.

The meeting was chaired by Standing Committee members of the provincial party committee, including Xing Chongzhi, Cheng Weigao, Lu Chuanzan, Li Bingliang, Ye Liansong, Liu Shanxiang, Chen Yujie, Li Haifeng, Han Licheng, and Zhang Zhenhuai.

This meeting was held according to the decision made at the fourth plenary session of the fourth provincial party committee. [passage omitted]

Cheng Weigao, governor of the provincial government and deputy secretary of the provincial party committee, relayed the central instruction on further accelerating reform, expanding the scale of opening, and striving to elevate better and faster the economy to a new level..

On behalf of the provincial party committee, Xir.g Chongzhi, secretary of the provincial party committee, made a speech entitled "Do Solid Work and Accelerate Development." He gave three requirements for further implementing Comrade Deng Xiaoping's important speeches and the guidelines of relevant documents of the central authorities. First, striving to elevate better and faster the economy to a new level is the province's most important strategic task. Second, we should make efforts

to grasp 10 important matters closely in line with reform, opening, and economic development. Third, we should strengthen party building and ensure the realization of the strategic task.

**Tianjin Township Economic Statistics Reported**

SK2307003892 *Tianjin TIANJIN RIBAO*  
in Chinese 15 Jul 92 p 1

[Summary] Township enterprises throughout Tianjin Municipality have accelerated their pace of reform and opening and widely increased production. According to statistics, they realized 15.23 billion yuan of output value in the first half of 1992, a 22.4 percent increase over the same period of 1991, and 836 million yuan of profits, a 14.97 percent increase over the same period of 1991. Of this output value, that produced by the integrated industrial enterprises at the town and township level reached 12.95 billion yuan, a 23.63 percent increase over the same period of 1991, and that accumulated from sales reached 9.35 billion yuan, a 44.6 percent increase over the same period of 1991. Of these profits, those earned by the integrated industrial enterprises reached 670 million yuan, a 20.53 percent increase over the same period of 1991.

In the first half of 1992, these enterprises invested 1.33 billion yuan in development. Of this, investment in technical renovations reached 520 million yuan; the output value gained from this investment reached 1.48 billion yuan; profits from this investment reached 171 million yuan; and investment in increasing the variety of new products reached 510 million yuan. Enterprises turned out over 600 new products, almost 200 of which were for export and created 1.238 billion yuan of output value and 209 million yuan in profits. The municipality built 1,611 new township enterprises of various categories, 654 of which were put into production in the first half and created 2 billion yuan of output value and 190 million yuan in profits.

**Rural Economic Statistics**

SK2307004192 *Tianjin TIANJIN RIBAO*  
in Chinese 14 Jul 92 p 1

[Summary] Since the beginning of 1992, Tianjin Municipality has maintained stable and harmonious development in the rural economy. In spite of the serious drought, the per mu yield of summer grains reached 290.4 kg, a 2.7 percent increase over 1991, and the total output reached 620 million kg, equivalent to that of 1991.

The municipality has achieved stable development in the production of nonstaple foodstuffs. In the first half of 1992, vegetable output reached 760,000 tons, a 5 percent increase over the same period of 1991; hog output reached 650,000 head, a 9.8 percent increase over the same period of 1991; cattle output reached 19,200 head, a 41.2 percent increase over the same period of 1991; and poultry output reached 6,524,600, a 39.1 percent

increase over the same period of 1991. The number of large animals reached 328,400 head, a 4.6 percent increase over the same period of 1991. Total meat production reached 62,500 tons, a 12.8 percent increase over the same period of 1991; egg production reached 92,800 tons, a 7.2 percent increase over the same period of 1991; and milk production reached 45,800 tons, an 8.5 percent increase over the same period of 1991. Freshwater aquatic production reached 13,400 tons, a 3.9 percent increase over the same period of 1991.

Township enterprises have achieved rapid development. According to statistics, during the 1992 January-May period, the total output value of township and integrated industrial enterprises reached 2.933 billion yuan, a 1.689 billion yuan or 1.36-fold increase over the same period of 1991. Of this, the total output value of township industrial enterprises reached 2.186 billion yuan, a 1.265 billion yuan increase over the same period of 1991. The industrial net output value reached 628 million yuan, a 370 million yuan or 1.43-fold increase over the same period of 1991. The industrial increased value reached 521 million yuan, a 263 million yuan or 1.02-fold increase over the same period of 1991.

#### Industrial Production Statistics

SK2207012192 *Tianjin TIANJIN RIBAO*  
in Chinese 13 Jul 92 p 1

[Summary] According to data released by the Tianjin municipal statistical bureau, the municipal industries have shown a sustained and stable increase in both production and sales since the beginning of 1992 and gradually improved their economic results.

In the first half of 1992, industrial enterprises at or above the township level throughout the municipality realized 33.825 billion yuan of total output value, a 13.5 percent increase over the same period of 1991. The industrial output value accumulated from sales reached 31.09 billion yuan, a 16.7 percent increase over the same period of 1991. The rate of product sales reached 93.73 percent, a 3 percent increase over the first quarter's rate. During the January-May period this year, the industrial increased value reached 5.822 billion yuan, a 19.1 percent increase over the same period of 1991.

In the first half of 1992, large and medium-sized industrial enterprises throughout the municipality, the principal part of production, showed a 12.5 percent increase in production over the same period of 1991; the state-run industrial enterprises in the municipality showed an 8.8 percent increase over the same period of 1991; and the municipal-level industrial enterprises showed a 12.2 percent increase over the same period of 1991. The rate of product sales of large and medium-sized industrial enterprises reached 95.29 percent, that of the state-run industrial enterprises in the municipality reached 96.39 percent, and that of the municipal-level industrial enterprises reached 94.77 percent.

These industrial enterprises have made progress in readjusting their products mix and renewing their products. In the first half of 1992, enterprises engaged in the production of 200 products in short supply realized 10.8 billion yuan of total output value, an increase of approximately 22 percent over the same period of 1991; those engaged in the production of 17 overstocked or low turnover products showed a 6 percent decrease in production over the same period of 1991.

During the January-May period in 1992, the industrial enterprises made 544 new products, a 31-percent increase over the same period of 1991. Of these new products, 524 were put into production, a 4.4 percent increase over the same period of 1991. The proportion of new products among all categories of products accounted for 7.8 percent, a 3.81 percent increase over the same period of 1991.

During the January-May period in 1992, the income of industrial enterprises at or above the township level, which conduct independent accounting, reached 22.993 billion yuan, a 23.9 percent increase over the same period of 1991. They realized 2.112 billion yuan of profits and taxes, a 22.2 percent increase over the same period of 1991. The composite index of economic results of industrial enterprises across the municipality reached 80.08 percent, a 3.75 percent increase over the same period of 1991 and a 1.96 percent increase over the first quarter's figure..

The export situation has improved. According to statistics compiled by the municipal industrial sector, the value of exported products during the January-May period of 1992 reached 1.791 billion yuan, a 15.8 percent increase over the same period of 1991. Foreign exchange earned by 22 industrial enterprises exporting independently reached \$31.89 million, a 46.6 percent increase over the same period of 1991.

#### Tianjin Peasant, Worker Party Congress Ends

SK2307004492 *Tianjin TIANJIN RIBAO*  
in Chinese 28 Jun 92 p 2

[By reporter Yuan Shuxing (5913 2885 5281): "The Sixth Congress of the Municipal Peasants and Workers Democratic Party Ends"]

[Excerpts] The sixth congress of the Tianjin Municipal Peasants and Workers Democratic Party concluded on the afternoon of 26 June. During the congress, the delegates approved the work report given by the fifth municipal Peasants and Workers Democratic Party Committee; elected the members of the sixth municipal Peasants and Workers Democratic Party Committee and delegates to the 11th Congress of the China's Peasants and Workers Democratic Party; and unanimously chose Kang Tiejun as honorary chairman of the sixth municipal Peasants and Workers Democratic Party Committee and Yan Chengxian [7051 2110 0341] as honorary vice chairman of the municipal Peasants and Workers Democratic Party Committee. [passage omitted]

On the morning of 27 June, the sixth newly elected municipal Peasants and Workers Democratic Party Committee held its first plenary session, at which the participating members elected Chen Shuxun [7115 2885 8113] chairman of the sixth municipal Peasants and Workers Democratic Party Committee; Wu Menghui [0702 1322 2547], Guo Shifu [6753 0013 4811], Zhuo Ketao [0587 0344 3447], Wang Ruotao [3769 5387 3447], Zhang Daning [1728 1129 1337], and Dong Weixian [5516 4850 0341] vice chairmen of the sixth municipal Peasants and Workers Democratic Party Committee; and Zhang Guowen [1728 0948 2429] secretary general of the sixth municipal Peasants and Workers Democratic Party Committee. [passage omitted]

### Tianjin Moves To Protect Joint Ventures

OW2407110692 Beijing XINHUA in English  
1017 GMT 24 Jul 92

[Text] Tianjin, July 24 (XINHUA)—Tianjin People's Procuratorate has decreed five new measures to protect the development of Sino-foreign joint ventures in the city.

One is aimed at ferreting out graft and stopping the request for bribes from Sino-foreign funded ventures.

Any goods or money found to have been obtained from graft, bribery and fake trade mark cases will be returned to the joint ventures after the formal hearing of charges.

Accidents which occur during production or other work activities by foreign ventures will be handled by the procuratorate's criminal section.

Tianjin has granted establishment rights to 1,315 Sino-foreign joint ventures.

### Northwest Region

#### Song Hanliang at Briefing for Independents

OW2207123992 Urumqi Xinjiang Television Network  
in Mandarin 1655 GMT 19 Jul 92

[From the "Xinjiang News" program]

[Text] Yesterday afternoon, the autonomous regional party committee and people's government held a report meeting to brief the democratic parties and patriots without party affiliation on the current situation regarding reform, opening up, and economic development in Xinjiang, and the work plan for the second half of this year. [video opens with shots of participants seated in armchairs in a conference room]

The report meeting was chaired by Song Hanliang, secretary of the autonomous regional party committee. Wang Lequan, vice chairman of the autonomous region, began by making a report on the progress of reform and opening to the outside world in Xinjiang, as well as the

current economic situation. [video shows shots of Song and Wang talking as announcer read their names]

He said: The important speeches by Comrade Xiaoping in his southern tour and the guidelines of the plenary meeting of the Political Bureau of the Central Committee have given a strong boost to reform and opening up in Xinjiang since the beginning of the year. The momentum of reform, opening up, and economic development is thriving throughout Xinjiang, and genuine progress has been made. We have drafted Xinjiang's general plan for opening to the outside world. Breakthroughs have been made in local trade, border trade, and economic and technical cooperation. The construction of entry ports has been speeded up, and work to build economic development zones has begun. We successfully held the Urumqi show on national Spark Program achievements and patent technology and drew up the relevant regulations for encouraging the rational movement of specialists. We also successfully held the Xinjiang 1992 summer fair on exchange of talents. Experiments with reform in "five autonomies and four decontrols" in Xinjiang's industrial and commercial enterprises have been unfolding on all fronts. The overall reform of enterprises is being conducted in depth. Pushed by reform and opening up, economic operations throughout Xinjiang are expanding steadily, and the overall economic situation has made new progress. The GNP of Xinjiang was 12.48 billion yuan during the first half of 1992, up 15 percent from the same period a year ago. [video shows participants taking notes, listening attentively as Wang briefs them]

On the tasks for the second half of 1992, Wang Lequan said: The regional party committee and people's government plan to focus their energy on work in 10 areas. First, to truly grasp and implement the initial phase for opening up the six cities. Second, to further break new ground and develop local and border trade. Third, to push large- and medium-sized enterprises toward the international market. Fourth, to step up the construction of infrastructure and to improve the investment environment. Fifth, to earnestly implement projects in the Spark Program technical contracts. Sixth, to work hard to ensure the success of the Urumqi border and local trade fair. Seventh, to strive to make new headway in various reforms. Eighth, to maintain the fine momentum of steady growth in the economy. Ninth, to further improve the style of government work. Tenth, to persist in tackling issues with both hands in a bid to create better conditions for reform, opening up, and economic development.

After hearing reports on the situation in Xinjiang during the first half of this year and on the major tasks facing the region, (Long Nengli) of the Xinjiang regional committee of the China Democratic National Construction Association, (Gong Zhendong) of the Jiusan Society, (Ma Meisun) of the Xinjiang regional committee of the China Democratic League, (Han Youwen) of the Xinjiang regional committee of the Revolutionary Committee of the Chinese Kuomintang, (Wang Dachong) of

the Xinjiang regional committee of the Chinese Peasants' and Workers' Democratic Party, (Hong Xue) of the Xinjiang regional committee of the China Association for Promoting Democracy, and Vice Chairman Kanbarhan Amat of the autonomous regional CPPCC committee took turn to speak. They expressed great satisfaction with the work and achievements of the regional party committee and people's government during the first half of the year and aired their views freely, putting forth many good suggestions on how to smoothly accomplish the 10 tasks in the second half of this year. [video shows unidentified participants speaking]

Comrade Song Hanliang also addressed the meeting. [video ends with shot of Song speaking]

**Song Hanliang Marks Xinjiang New Economic Zone**  
*OW2207085892 Urumqi XINJIANG RIBAO  
 in Chinese 8 Jul 92 p 1*

[“Construction Officially Starts on Shihezi Economy and Technology Development Zone”—XINJIANG RIBAO headline; by reporters Chen Pengfei (7115 7720 7378) and Nan Zhu (0589 3796)]

[Text] The deafening sound of gongs and drums and explosions of firecrackers filled the eastern suburbs of Shihezi on the morning of 7 July. Cutting the ribbons at a ceremony to mark the beginning of the construction of the Shihezi Economy and Technology Development Zone amid resonant military tunes were Song Hanliang, secretary of the Xinjiang Uygur Autonomous Regional Party Committee; Guo Gang, standing committee member of the autonomous regional party committee and political commissar of the Xinjiang Production and Construction Corps; and Shao Jiliang, secretary of the party committees of the Eighth Farming Division and Shihezi. Autonomous Regional Vice Chairman Li Donghui also attended the ceremony.

The overall planned area for the Shihezi Economy and Technology Development Zone covers 7 square [sq] km. The northern side of the zone borders the Wuyi Highway and the southern side runs near to the western section of the Lanzhou-Xinjiang Railway. The zone is conveniently located and has a stable supply of water, electricity, and gas; it also possesses rather advanced postal and telecommunications facilities. It is in the vicinity of 18 modern state-run agricultural and animal husbandry farms at the regimental level and over 300 industrial enterprises and enterprises manufacturing vehicles. It has great prospects for development.

After cutting the ribbons, Song Hanliang and other comrades visited the Eastern Thermoelectric Power Plant, a major project inside the development zone. Since the construction of the thermoelectric power plant started 14 months ago—on 16 April—over 36 million yuan of investment funds have been spent to complete the first construction stage. 27 out of the 32 major components of the project have been completed, and the first generating unit is expected to generate electricity

and provide gas on 1 October of this year. Before leaving the plant, Comrade Song Hanliang wrote an inscription for the Eastern Thermoelectric Power Plant. The inscription reads: We should carry forward the fighting spirit, effectively build the Eastern Thermoelectric Power Plant, and lay the foundation for the Shihezi economic development zone. Afterwards, Song Hanliang and other comrades enthusiastically surveyed the topography, geographical features, and ecological environment of the site designated for the second construction stage of the thermoelectric power plant inside the zone.

Also attending the ceremony marking the start of the construction of the Shihezi Economy and Technology Development Zone were leading comrades of the Xinjiang Production and Construction Corps Ismail Mahsut, Li Shujuan, Luo Quanyuan, Bo Tayi, Li Chi, Ni Haomei, Tian Huimin, and party and government leaders of the Eighth Farm Division and Shihezi.

**Xinjiang Militia Makes 'Outstanding' Contributions**  
*HK2307091592 Beijing RENMIN RIBAO  
 in Chinese 7 Jul 92 p 3*

[By Yang Gongcheng (2799 0501 2052) and Pan Anming (3382 1344 2494); “Million Militiamen, Militiawomen of Xinjiang Build, Defend Border Areas”]

[Text] Xinjiang Uygur Autonomous Region has closely focused on the consolidation of national defense, border economic construction, and militia reserve service, and approximately one million militia men and women throughout the region have become an important force to defend and build the border areas and made outstanding contributions toward safeguarding border security, social stability, and economic development.

For many years, the party committees, governments, and people's armed forces departments at all levels of the autonomous region have always attached importance to putting militia work and reserve service on a sound basis organizationally, politically, and militarily. The militia organizations of the whole region have been put on a sound basis and it is ensured that townships (towns, regimental farms, and enterprises) have backbone companies and battalions and villages (production companies and factory workshops) have backbone platoons and squads. They have played an important part in defending the border areas, upholding the unification of the motherland and social stability, and developing and building the border areas. According to statistics, in recent years, 100,000 militia men and women throughout the region have regularly taken part in the work of protecting factories, shops, and villages, and guarding important objectives, and in coordination with public security departments, cracked down on criminal offenses and arrested some 2,200 criminals. Beginning from 1988, to suit the new situation in opening up along the border areas, the counties, cities, and agricultural and livestock regimental farms of the border areas have

successively built up a three-in-one "army-police-people" joint defense network with the army and police as the backbone elements and with militia as the foundation, forming a border management structure of lines under army management, points under police management, and parts of places under militia management. The militia men and women of all nationalities throughout the region have displayed their skills to the full in the course of developing and building the border areas and those participating in 123 key construction projects, including northern Xinjiang railroad and a battle for oil, totaled 250,000.

**Article on Studying Deng Xiaoping's Remarks**  
*OW2007223392 Urumqi XINJIANG RIBAO*  
in Chinese 3 Jul 92 p 4

[Article by Gao Chenglin (7559 2052 2651): "Keep Vigilance Against Right Deviation, But Main Attention Should Be Paid To Guarding Against 'Left' Deviation—A Study of Deng Xiaoping's Important Remarks"]

[Text] During a recent inspection tour of south China, Comrade Deng Xiaoping pointed out clearly: "As much as right deviation can ruin socialism, so too can 'left deviation.' China needs to be vigilant against right deviation, but the main attention should be paid to guarding against 'left' deviation." He also warned people about the "deep-rooted 'left' influence." This shows that the main erroneous ideological tendency which now exists within the party is "left" deviation, not right deviation. Therefore it is important to understand that "left" deviation is the major ideological obstacle hindering the emancipation of the mind as well as the pace to accelerate reform and opening up.

Reviewing the history of our country's revolution, we often come across cases of "left" influence in our party. Our party faced Chen Duxiu's rightist defeatism during the period of the New-Democratic Revolution. The greatest danger to our revolution, however, came from Wang Ming's "leftist" adventurism and from the serious "leftist" ideological mistake of the "Great Cultural Revolution."

Distinct economic, political, and cultural characteristics of social and historical conditions—as well as the course of social development in China—have provided fertile breeding ground for the "leftist" influence. Particularly for a long time, people have in their consciousness tended to view the right tendency and its mistakes as a matter of political stand. This of course is correct. Since people are unaware of the great danger of the "leftist" influence, they very often loosen their guard against it and merely consider it a matter of political line. As a result, the "leftist" influence rears its head in the course of reform and opening up. For instance, some people tend to worship the immutability of the rules as they exist in political bibles; they would like to create a colorful life according to the political bibles. Other people tend to equate foreign things, be they good or bad,

as capitalist. These are typical examples of "left" deviation. People with right tendencies primarily tend to cast doubts on and negate the four cardinal principles; they want to change our socialist system and alter the correct course of reform and opening up. We must keep vigilance against right deviation, must persist in adhering to the four cardinal principles, and must oppose bourgeois liberalization; we must not loosen our vigilance. At the same time, we should pay more attention to guarding against "left" deviation. In 12 years of reform and opening up, we have been attacked by the right as well as have experienced interference from the "left." But since the "left" usually don the coat of revolution, it tends to mislead people. Interference from the "left" has become the main ideological block that affects the process of reform and opening up.

"Leftism" has a long-standing and deep-rooted ideological influence within the party. This is primarily manifested in the following: 1) Once an ideology is formed, it has a relatively independent characteristic and will not immediately disappear as a result of change in the social system. China's socialist system was born out of the Old China marked by semi-feudalism and semi-colonialism, and from which the small-scale production method of the past several thousand years has given rise to a deep-rooted feudalistic ideology. The people's minds are still being chained to the old ways and a rigid and conservative ideology. Such ideological influences are unlikely to disappear immediately following a change in the social system. 2) The understanding of certain Marxist principles as well as the doctrines of certain books has caused ideological rigidity. The doctrinaires always emerged in the guise of safeguarding Marxism. They frequently branded theoretical breakthroughs and advancements as deviation from and contradictions of Marxism, while their erroneous standpoint on unrealistic doctrinairism, subjectivism, and their ways seem to have full "ideological grounds." In truth things that ruin the purity of Marxism do not always directly negate the theory and conclusion of Marxism; they sometimes lump together the spiritual substance of Marxism with specific wording, or hold on to certain obsolete conclusions and make them into rigid doctrines. In the long term struggle between the two lines within the party, an erroneous idea of "left" is better than right" has been formed, as if "left" is an issue of method while right is an issue of stance. To shed the habitual thinking of "left" is better than right, the key is to march out of the erroneous ideological zone of thinking "left" is an issue of method and right is an issue of stance. In the days when "class struggle was regarded as the key link," things and people were judged as "leftist" or rightist. Today, when we take economic construction as the central task, we must distinguish between right and wrong by using productive forces as the criterion. If we persist in arguing about being "leftist" or rightist, there can only be one conclusion—the burying of socialism. "Leftists" can also bury socialism. The rightists negate Marxism and socialism with the viewpoint of bourgeois liberalization; the "leftists" oppose the soul of Marxism with Marxist expressions

and judge life and stifle the vitality of socialism with dogmas. Under the present circumstances, the "leftists" are more dangerous, because if the "leftist" ways are allowed to continue for a long period of time, the economy will remain stagnated for a long time, and this will lead to the consequence—the the complete abandonment of socialism. Therefore, both the "leftists" and rightists are idealists who run counter to historical the trend. The two are not different in essence. Therefore, there is no such thing as the so-called difference between one's method and one's stance. 3) In recent years, we have definitely improved our understanding, but we still have many confused ideas. Some comrades still retain the past unscientific, or even distorted, understanding of socialism and the incorrect ideas and policies used before reform and opening up to the outside world was introduced—ideas and policies that went beyond the primary stage of socialism. They believed that reform and opening up to the outside world mean taking the capitalist road. For example, they regard a planned economy as a socialist economy and market economy as a capitalist economy. In fact, planning and markets are the means for distributing resources. A planned economy is not equivalent to a socialist economy, because capitalism also involves planning; a market economy does not mean capitalism, because socialism also involves markets. The essential difference between socialism and capitalism lies in the difference in the ownership of the means of production. The reason for the existence of some confused ideas in reform lies in "leftist" ideas. At present, both rightist and "leftist" tendencies are affecting us. Therefore, we must maintain vigilance against the rightist tendency, but mainly we should guard against the "leftist" tendency. The criterion for correctly judging reform should be whether the reform is conducive to developing the productive forces of the socialist society, increasing the socialist country's overall strength, and improving the people's living standards. This constitutes the historical materialist viewpoint of Marxism.

In the history of our country, we have made mistakes in judging the principal contradictions of the socialist society, and we have consequently suffered serious setbacks from our mistakes. The great exploit of the Third Plenary Session of the 11th CPC Central Committee was primarily its being able to set things right from this point of departure, to abandon the principle of "taking class struggle as the key link," and to shift the focus of the party's work. At no time should we forget this historical lesson, nor should we waver in our understanding of the principal contradiction of the socialist society and of the principal task decided on this basis. At present, we are confronted with the struggle between peaceful revolution and antipeaceful evolution. We must not lower our guard against this struggle. However, the contradiction between peaceful evolution and antipeaceful evolution should be dominated by the principal contradiction in society. We must not let the drastic changes in the international situation confuse our understanding of the principal contradiction of the socialist society and distract our attention from making economic construction the central task. Under the condition of socialism, the principal contradiction in society will remain unchanged. Our basic task required by the principal contradiction—to liberate and develop the productive forces—will also remain unchanged. Whether we can win final victory in combating peaceful evolution depends, in the final analysis, on whether we can do our work well and whether we can develop the economy. We must firmly keep to the central task of economic construction.

In the course of building socialism with Chinese characteristics, it is not strange that some "leftist" and rightist interference should occur and that sometimes both "leftist" and rightist tendencies occur at the same time. This requires that while maintaining vigilance against the "leftist" tendency, we should pay particular attention to guarding against the rightist tendency and that while being alert to the rightist tendency, we should pay attention to guarding against the "leftist" tendency. We should never combat the rightist tendency with the "leftist" tendency, or combat the "leftist" tendency with the rightist tendency.

**Li Urges Establishing 'Gemeinschaft-Type' Society**

*OW2307090892 Taipei CNA in English  
0801 GMT 23 Jul 92*

[Text] Taipei, July 23 (CNA)—President Li Teng-hui Wednesday urged the nation to establish a gemeinschaft-type society that operates on rational and ethical principles.

Li made the call while receiving 43 outstanding Overseas Chinese youth representatives, who are on a two-week visit here.

The president said gemeinschaft-type societies are marked by unity and solidarity because the whole social order is permeated by shared sentiments. Gemeinschaft is used by a German sociologist as community. [sentence as received]

"We should strive to establish a gemeinschaft-type society that operates on traditional Chinese moral and ethical principles," Li stressed. The government will launch an all-out campaign to accelerate cultural renaissance here, he pledged.

Li said he is convinced that many social problems the country now faces will find a solution in the establishment of such a type of "community" in which all people practice self-cultivation and will spontaneously dedicate themselves to public services.

The president noted that the world situation has fundamentally changed following the end of the cold war. After 40 years of rapid development, the Taiwan society has also undergone many significant changes. In the face of new challenges at home and abroad, Li said, both the government and the people should make self-adjustments to cope with new trends.

Li said the Asian Pacific has emerged as the world's most dynamic region and is expected to play an increasingly important role in the world economy. As an economic powerhouse in the region, he stressed, Taiwan should work out new strategies to strengthen its industrial base.

On the country's mainland policy, Li said, the government has taken many steps to improve relations with the Chinese mainland. The newly passed statute governing civilian relations between the two sides of the Taiwan straits, for instance, provides a legal basis for comprehensive bicoastal contact.

After more than 40 years of separation, the president said, people on both sides of the Taiwan Straits need time to cultivate goodwill and mutual trust. "We'll therefore promote national unification in a pragmatic, gradual manner," Li said.

Moreover, he said, the government, in pursuing China's reunification, will always give top priority to the well-being of the 20 million people in Taiwan.

Li said Overseas Chinese have played an important role in national development. The government will continue

to help overseas Chinese develop their business and sponsor Chinese-language training programs for their youngsters, he added.

The youth representatives came from the United States, South Africa, Canada, Costa Rica and the United Arab Emirates.

**Premier Hao Cited on Cross-Strait Statute**

*OW2407092792 Taipei CNA in English  
0749 GMT 24 Jul 92*

[Text] Taipei, July 24 (CNA)—Premier Hao Po-tsun said Thursday that he hopes the Statute on Relations Between the People on Taiwan and the Chinese Mainland will end the controversy between those calling for national unification and those for Taiwan independence.

He told an Executive Yuan meeting that the statute, a product of consensus among the ruling and opposition parties, will provide a legal basis for the government to implement its mainland policy.

Time was not yet ripe for Peking to accept the law, he said. "We have long anticipated that Communist China will criticize it," he added.

The premier also urged the business sector to unite together in order to play a leading role in developing relations between the two sides of the Taiwan Straits.

Failing to do so, he warned, "We might some day be sealed off by Peking's own economic power, not by its submarines."

**Hong Kong Legislators Visit Taipei**

*OW2407093092 Taipei CNA in English  
0751 GMT 24 Jul 92*

[Text] Taipei, July 24 (CNA)—Four directly-elected members of the Hong Kong Legislative Council are scheduled to arrive in Taipei Saturday for a week-long visit.

Invited by THOUGHT AND WORDS, a journal of humanities and social science in Taipei, the four legislators will come here to familiarize themselves with the Republic of China [ROC]'s economic development experience and policies towards Mainland China, Hong Kong and Macao.

The lawmakers—Liu Chin-shek, Huang Chen-ya, Conrad Lam and Emily Lau—will also meet with leaders of political parties and academic organizations in a seminar on Taiwan-Hong Kong interdependence.

They will also visit the Hsinchu science-based industrial park before departure on July 30.

**Economic Vice Minister To Visit Russia**

*OW2407092592 Taipei CNA in English  
0743 GMT 24 Jul 92*

[Text] Taipei, July 24 (CNA)—Vice Economics Minister P.K. Chiang will attend a seminar in Moscow next

month in a bid to strengthen Taiwan's economic relations with the Commonwealth of Independent States.

Accompanied by other economics officials and business leaders, Chiang will also visit Kiev of Ukraine and Minsk of Byelarus before returning here in early September.

**KMT Not To Hold Primaries in 12 Counties, Cities**

*OW2407092992 Taipei CNA in English  
0746 GMT 24 Jul 92*

[Text] Taipei, July 24 (CNA)—The Kuomintang (KMT) has decided not to hold primaries for the year-end Legislative Yuan election in 12 counties and cities.

These are Chiayi and Taichung cities, and Pingtung, Penghu, Kaohsiung, Nantou, Hualien, Taichung, Yunlin, Chiayi, Taoyuan, and Hsinchu Counties.

The KMT made the decision after its Secretary General Sung Chu-yu separately met all 21 city and county branch chiefs in Taiwan Province.

The KMT Central Standing Committee will formally approve the decision at a weekly meeting July 29.

Wang Shu-chin, director of the party's Department of Organizational Affairs, said the decision was made on the recommendation of local party leaders.

## Hong Kong

### Vice Premier Zhu Rongji Meets Hong Kong Guests

OW2307122592 Beijing XINHUA in English  
1127 GMT 23 Jul 92

[Text] Beijing, July 23 (XINHUA)—Chinese Vice-Premier Zhu Rongji met with Choi Kai Yau, chairman of Sun Wah Group in Hong Kong, and his party here this afternoon. They had a cordial and friendly conversation.

The Hong Kong guests arrived here earlier this afternoon.

### Lu Ping Asks for Meeting With Governor Patten

HK2307132192 Hong Kong Asia Television Limited  
in English 1200 GMT 23 Jul 92

[From the "Main News" program]

[Text] The head of China's Hong Kong and Macao Affairs Office Lu Ping has sent a message to the Governor, Mr. Patten, expressing his eagerness for a meeting as soon as possible. Julie Mapleson reports:

[Begin recording] [Mapleson] Members of four fledgling political parties and pressure groups met the Governor this afternoon, but one was armed with more than just a list of proposals. The pro-China Democratic Alliance for the Betterment of Hong Kong [DAB] presented a message from the head of the Hong Kong and Macao Affairs Office Lu Ping.

[Tsang Yok Sing, DAB chairman] He looks forward to meeting Mr. Patten personally at Mr. Patten's earliest convenience although he understands that Mr. Patten is a busy man and has a lot of business to attend at hand.

[Mapleson] Mr. Lu met DAB members this week and chose to convey his message through them rather than conventional channels.

[Tsang] It is only a coincidence Mr. Lu just takes this chance to convey his message through us. I don't think there is any intention on his part to make use of us as a conveyor of messages.

[Mapleson] Mr. Lu made no mention of where the meeting should take place or what should be on the agenda. He just said a meeting was necessary to maintain good relations. Mr. Patten says he hopes to see Mr. Lu before too long, but his first priority is to learn about Hong Kong and meet people in the territory. The groups that met Mr. Patten today left him in no doubt that they want to see more money spent on social welfare. The Association for Democracy in People's Livelihood, the Democratic Foundation, Meeting Point, as well as the DAB all had their say. But Mr. Patten's biggest concern is clearly how he can get government policy through without a majority in the Legislative Council. Meeting Point believes it had the answer.

[Anthony Cheung, Meeting Point chairman] One of the ways to do that is to include people from wider sections of society into his top policymaking adviser body, Legco.

[Mapleson] Mr. Patten's preferences are unlikely to be known until he gives his maiden policy speech in October.

### Reportage on Dispute Over Airport Leaks

HK2407045392 Hong Kong ZHONGGUO TONGXUN  
SHE in Chinese 0955 GMT 23 Jul 92

[Text] In the past few days, everyone from the governor to the government of Hong Kong has kept blaming the Chinese side for being the first to leak the contents of Sino-British talks on the new airport financial arrangements.

What are the facts? Reporters who covered the talks on 6 July in Beijing know best.

At 1730 that afternoon, John Coles, personal emissary of the British prime minister, told reporters at the British embassy that the British side put forward a new proposal to the Chinese side which could clarify the Chinese side's concerns over callable equity.

At 1930, reporters asked Chen Zuoer, director of the First Department of the Chinese State Council's Hong Kong and Macao Affairs Office, about this at the Diaoyutai National Guesthouse in order to verify this. Only at that moment did Chen react and pointed out that the so-called proposal by the British side was "baffling" [mo ming qi miao 5459 0682 0366 1181] and that the preconditions they tried to arrange were rather unfair. Then, Chen said that it was the Chinese side that had tabled a positive and concrete proposal for starting some urgent projects according to legal procedures and according to schedule in order that new airport projects would not be delayed. As for the contents of the proposal and the attitude of the British side, Chen told the reporters to ask the British side.

Therefore, on 6 July, it was not the Chinese side who first leaked the contents of the talks. The Chinese side reacted to what the other side did.

### 'Facts' Must Be 'Respected'

HK2407040292 Hong Kong WEN WEI PO in Chinese  
24 Jul 92 p 16

[("Finishing Touch" column by Chung Kuang-wen (6945 1639 2429): "Facts Must Be Respected")]

[Text] Hong Kong Governor Chris Patten defended what Chief Secretary David Ford said on 17 July on leaking the contents of Sino-British talks on the new airport and alleged that a senior Chinese official openly talked about the latest proposal raised by the Chinese in the talks on 6 July. He meant that it was the Chinese side which gave away the secret first and that Ford did this later. People who do not know the true facts might sympathize with Ford after listening to what Patten said and might blame

the Chinese side. Wait! What Mr. Patten said was not the facts. According to reporters who covered the talks in Beijing on 6 July, it was still the British side who first leaked the contents of that day's talks. Mr John Coles, chief representative of the British side, revealed that the British side had put forward a new proposal; and Mr Chen Zuoer, director of the Chinese State Council's Hong Kong and Macao Affairs Office First Department, was forced to react. What the Chinese side did was open and aboveboard. The facts of 6 July cannot be used to defend Ford's leakage. Moreover, the Chinese side sincerely supports the construction of the new airport in Hong Kong and hopes that it will be completed as quickly as possible according to the principle of "low costs and high returns." Therefore, the Chinese side is serious and conscientious about the talks on the new airport issue and has never played any little tricks. This is also an undeniable fact. In order to clarify which side should be blamed for divulging secrets and to prevent further leakage, one should first respect the facts.

#### Paper Blames Britain

HK2407031992 Hong Kong SOUTH CHINA MORNING POST in English 24 Jul 92 p 5

[By Fanny Wong]

[Text] China yesterday denied the comment by the Governor, Mr Chris Patten, that it was the Chinese side who first leaked Beijing's proposal on the airport financing plan.

Without quoting anyone, the semi-official Hong Kong China News Agency yesterday carried a despatch from Beijing claiming that it was Sir John Coles, leader of the British team at the high-level airport negotiations held in the Chinese capital early this month, who leaked the Chinese proposal.

Defending the Chief Secretary, Sir David Ford, from Chinese criticism for leaking negotiation details, Mr Patten told reporters after an Executive Council meeting on Tuesday that he recalled a "senior and distinguished" official in Beijing setting out the latest Chinese proposal on the airport.

But the agency report rejected Mr Patten's remark, saying that at 5.30 pm [0930 GMT] on July 6, Sir John had revealed to journalists that the British side had put to the Chinese team a new proposal which could allay China's concern at the provision of callable equity to the Mass Transit Railway Corporation and the Airport Authority.

At 7.30 pm, the journalists had asked Mr Chen Zuo'er, a department head at the Chinese State Council's Hong Kong and Macao Affairs Office, to confirm that there was such a British proposal, the agency said.

In response, Mr Chen had said the British proposal was very puzzling and the British were also attempting to include some unfair conditions, it said.

It was only after that, that Mr Chen had revealed the Chinese team's "positive and concrete" proposal to allow some urgent projects to go ahead as scheduled to avoid delay in construction works, the agency said.

"Therefore, it was not the Chinese side who first leaked the details of the negotiations. The Chinese side had only reacted to (the British) move," the agency said.

A pro-China legislator, Mr Philip Wong Yu-hong, also criticised the British side for forcing China to accept the airport financing proposal.

If Britain genuinely hoped to reach an agreement with China in the next Airport Committee meeting, Mr Wong urged British officials to do more homework on the airport financing plan so as to put a cap on the project costs.

Mr Wong said that the feasibility study on the airport plan had adopted a number of assumptions. He demanded that the Government publicise them so the public could assess their validity.

#### Governor Patten Hears Local Political Groups

HK2407030792 Hong Kong SOUTH CHINA MORNING POST in English 24 Jul 92 p 5

[By Tom Chow and Catherine Chan]

[Text] Ways to establish a strong, executive-led administration, without a majority ruling party in the legislature, topped the agenda during a series of meetings between the Governor, Mr Chris Patten, and leading political groups yesterday.

Continuing his briefing sessions with local groups, Mr Patten met representatives from Meeting Point, the Hong Kong Democratic Foundation, the Democratic Alliance for the Betterment of Hong Kong (DAB) and the Association for Democracy and People's Livelihood (ADPL).

The meetings followed earlier sessions with the United Democrats of Hong Kong and the Cooperative Resources Centre.

During yesterday's meetings, Mr Patten also asked the groups for advice on defining the relationship between the Executive and Legislative Councils and the composition of the election committee for the 1995 Legco [Legislative Council] polls.

Mr Patten said after the meetings that "these preliminary discussions (were) valuable and a useful opportunity to listen to and explore the views of the political groups."

The Governor suggested meeting them again soon.

The sessions were meant for Mr Patten to listen to the groups' views and he did not respond to their comments.

DAB members said they suggested to him that the future Legco election method had to ensure equal opportunity for people holding different views no matter which electoral arrangements were adopted.

They also asked for more information to be provided to legislators.

Meeting Point urged the Government to increase public expenditure to meet various social demands.

The Financial Secretary, Mr Hamish Macleod, said earlier that next year's public expenditure growth had to be kept within the five percent GDP growth rate.

The ADPL recommended that the Government review the role of functional constituencies and their possible conflict with the Bill of Rights.

Described as "cordial and business-like", the meetings also touched on public welfare, housing and old age pensions.

Mr Patten also had a meeting with heads of government departments yesterday.

He emphasised the need for clear-sighted executive leadership and the importance of developing a "user friendly" public service.

"I hope that working together in this executive-led government, we will ensure that the executive knows precisely where it is going and precisely where it has to lead the community," he said.

To enhance community participation in the Government, he asked the civil service to change its approach to suit Hong Kong's circumstances and make the Government more open.

"Our customers, the people who pay our salaries, expect a clear sense of what we are doing with their money and what sort of performance they can expect from public servants," he said.

"We have to find ways which suit Hong Kong's circumstances to make ourselves more open to the public and clearer about our performance targets."

#### **Hong Kong Returns 20,000 Refugees to Vietnam**

OW2107142392 Beijing XINHUA in English  
1313 GMT 21 Jul 92

[Text] Hong Kong, July 21 (XINHUA)—A group of 236 Vietnamese migrants today returned to Vietnam under a voluntary repatriation program of the United Nations High Commissioner for Refugees (UNHCR).

Comprising 86 men, 73 women, 45 boys and 32 girls, the 112th group brought to 20,093 the total number of Vietnamese migrants who have returned since the program started in March 1989. Among them 6,114 returned home this year alone.

"The burgeoning volunteer program indicates that non-refugees are realizing that the only option to wasting their lives in a camp here is to start a new life back home," refugee coordinator Brian Bresnihan said at the airport.

Bresnihan said UNHCR assistance in counseling Vietnamese in the camps and monitoring the well-being of returnees were major factors in the success of the program.

"We look forward to reaching new landmarks in the months ahead as increasing numbers of migrants realize their only future lies in returning to Vietnam," he said.

At present, less than 50,000 Vietnamese migrants are accommodated in nine detention centers in Hong Kong. Only eight Vietnamese migrants arrived here in the first half of this year, down 99.9 percent compared with the same period last year.

#### **Police Seize Marijuana, 'Smash' Drug Syndicate**

HK2007032992 Hong Kong SOUTH CHINA MORNING POST in English 20 Jul 92 p 2

[By Fiona McMahon]

[Text] Police believe the use of cannabis is rising in Hong Kong after smashing a drug syndicate in Aberdeen yesterday with the discovery of 1,240 kilograms of the drug worth \$84 million.

The haul was the third largest seizure of cannabis in Hong Kong and the second of more than a tonne of the drug this year.

The Staff Officer of the Narcotics Bureau, Superintendent Chris Cantley, said he believed the seizure indicated an increasing trend, partly the result of Western influence and increased spending power.

Officers closed in on the syndicate early yesterday and picked up the cannabis after watching the gang since January. Four men aged between 29 and 34 were arrested.

The drug originated from Thailand.

Mr Cantley did not have any figures on the estimated number of cannabis users in Hong Kong but said that compared with heroin the amount of cannabis seized by police was low.

Police first became aware of the syndicate in January, and when one member of the syndicate was seen travelling regularly to Thailand last month they increased their surveillance of the gang.

At about 2 am yesterday a heavily laden goods vehicle was spotted in Shum Wan Road at Aberdeen.

Police followed the vehicle to a section of the Aberdeen Marina Club. They found 700 one-kilogram packages of cannabis inside the truck and arrested a security guard, aged 30, the truck driver, 34, and two other men in the vicinity.

In an extensive search following the arrests, police found another 500 kg of cannabis on a breakwater on the eastern side of the harbour.

Mr Cantley said the drug's destination was unclear, although it was likely part of the shipment would have been sold locally.

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